

2.1% lower

FINANCIAL TIMES



Investment banking

Europeans aim for the major leagues



Koreans in LA

Adjustment pains for a subculture

Book review, Page 10



AIDS research

High hopes for drug combination therapy

Technology, Page 8

Today's surveys

Kazakhstan Maharashtra

Separate sections

attempt to stop

Uister violence

Politicians and church leaders in Northern Ireland made desperate moves last night to resolve the growing crisis between Protestant marchers and growing crass between represent appropriate police that has brought the province close to paralysis. Fears of increased violence gray as the Orange Order's annual marching season reaches its peak tonight, after four nights of mayben in which towns have been blockaded and some Roman Catholic families hounded out of their homes. Page 12; Protestants under peace spotlight, Page 7

China airliner project: China has chosen a European consortium, Aero International Regional, as its western partner in a controversial project to build a 100-seaf airliner. Page 12



threatened not to attend the inauguration as Russian president of re-elected Boris Yeltsin if the ceremony is held on August 9. This day, eyoking hitter Japanese mem-ories of unfinished hostilties between the two

280m expansion by Handa: Honda and Unipart, vehicle parts and accessories group for-Ompart, vehicle parts and accessores group for-menty owned by Rover Group, are to set up three joint component manufacturing companies in the UK. Together with another planned joint venture involving German plastics group Kantar, they will create 400-500 jobs and involve total investment of just over £80m (\$124m). Page 7

nese-held Asian territory late in the war. Page 12

Oil groups in additives the up: Shall and Exam, the western world's largest oil companies, are to pool their petroleum additives businesses in a move that will give the combined unit a quarter of the \$6bn a year international market, Page 18

Bonn looks to lower rates: Germany's 1997 federal budget would create more scope for private initiative in the economy and set conditions for lower interest rates, finance minister Theo Waigel

Fuel rises stir Indian MiPs' anger: India's five-week-old United Front government ran into protest at the opening of parliament from Congress party and Bharatiya Janata party MPs over last week's rise in administered fuel prices. Page 6

Briton in alleged blackmell plot: A computer company executive from Nottinghamshire, central England, appeared in court in Austria after being arrested over an alleged 2250,000 (\$390,000) supermarket blackmail plot.

OECD sets Segui conditions: South Korea has been told by the Organisation for Economic Co-operation and Development to further liberalise its economy before it will be allowed to join the Paris-based body. Page 4

Dixons, the UK's biggest electrical retailer, provided fresh evidence of rising consumer confidence as it reported a 35 per cent jump in profits before tax and exceptionals and a strong start to the current year. Page 17 and Lex

Telekom Malaysia, the former state monopoly, plans to invest M\$5bm (US\$2hm) over eight to 10 years to lay the infrastructure for a "equitimedia super corridor" to link high-tech groups between Kuala Lumpur and an administrative capital, Putra-jaya, still under construction. Page 13; Swiss power groups in telecoms yenture

UK hanks' overseas parnings: UK hanks' net overseas earnings fell 27.5bn (\$11.7bn) in 1994 to \$6.2bn last year because of increased foreign owner ship, lower overseas lending and reduced income from overseas interest rate derivatives, Page 7

Beef-cutback measures urged: Organt measures are needed to cut beef production in the European Union in the wake of the "mad cow" crisis, agriculture commissioner Franz Fischler

Spain's unions resist state self-offer frome 10,000 trade unionists from state controlled compa-nies protested in Madrid against the ambittons privatisation programme unveiled last week by Spain's new centre-right government. Page 2

China loads in contraceptive use: Chin heads the world use of contraceptives, with \$3 per cent of Chinese married couples using them, according to a study released by a UK charity. Page 7

| · | |
|--|---|
| E STOCK MARKET RIDICES | # 60LD |
| New York: Innektime Dow Jones Ind Av | 1 |
| Europe and Far East 9 pt 95 (45.28) | |
| DAY 267/43 (525) DAY 365.8 (13.5) FT-SE 100 21,778.94 -140.88 | Hore York: brackling E1.561.65 Chi1.529.66 |
| Federal Funds | Fr\$16576 Sfr1268 |
| 3-min Treas Bals: Yio5-50174 | Y138.275 |
| Yest | Leader: 21.5555 (1.5517) DN1.5245 (1.5235) |
| UK: 3-mo interbank | 所 5.1600 |
| France: 10 or OA1 1025 | Y TIG125 (11024) |
| Japan 10 yr Jos | DM 23003 (20687) |
| REN NEW | Tokyo slott: Y 110,50 |
| WESTER CHANGE OF THE PARTY OF T | Us 15.00 Carer DR18.00 LF/75 S.Amble 681/2 Le0.65 Singspon854.30 |
| America Schilf Janes Hong Keng Hessen Malina Berham Service Hong Keng Hessen Respons Selpum Schilf Hungmy Reso Math Course Cott 20 Ionated Reson Math | HOME Signed Rp 1945 F1 4.75 S. Africa R12.08 Hebrill South Par250 |
| Cyprile CC126 India Re75 Algeria Czech Rp K250 India Sta7.50 Norway Cempark DK76 Israel Sta7.50 Norway | NOSO Sweden 8480 |

Church leaders in | Deutsche builds up 5% stake in rival | Shares within industry rise

THURSDAY JULY 11 1996

Bank mergers loom in Germany

Deutsche Bank, Germany's largest bank, has built up a 5.21 per cent stake in Bayerische Vereinsbank worth some DM500m (\$328m) in a move seen as foreshadowing a wave of merg-

ers in German banking. Until now, German banks have very rarely taken stakes in rivals. But the removal of trade barriers in European Union banking mar-kets and the prospect of the introduction of a single currency within three years have aroused concern about the industry's

competitive strengths.
German banking is highly fragmented, with more than 4,000

active institutions. Deutsche is Germany's largest bank but holds only a 6 per cent share of domestic retail business. Deutsche said the purchase

was an "attractive investment" and that it did not intend "to wield corporate influence". The wash corporate intenses. The assurances, however, were widely disbelieved in financial markets, which interpreted the move as a cantious start to a robust consolidation process likely to stretch over several

The news lifted the shares of the entire banking industry on speculation that other banks might follow suit. Vereinsbank shares gained 4.4 per cent to DM44.35, while Hypobank shares

increased 5.5 per cent. Deutsche shares gained less, ending up only I per cent at DM73.20. Vereinsbank is deeply rooted in Bavaria, although it has expan-

ded into other regions and new technologies, and is Germany's largest mortgage lender. For Deutsche the move marks another step in a process of change which began with the acquisition of Morgan Grenfell, the UK merchant bank, in the late 1980s and continued to its wide-ranging internal reorganisation amounced on Tuesday.

At the annual meeting in May, Mr Hilmar Kopper, chairman, gave an ambitious definition of Dentsche's corporate goals. "We want to maintain our posi-

leading bank, and to be part of the world's top ten; we want to become Europe's leading invest-ment bank and close the gap with the world leaders; we want to retain our prime rating for the whole bank," he said. Mr Stephen Lewis, European

banking analyst at Union Bank of Switzerland, said: "Deutsche Bank seems to have put its foot in the door. When this process [of consolidation) happens, it wants to be in the right place. It is not making this investment to make a few D-Marks profit.

The federal cartel office said it would not investigate the purbelieve that an investigation

was to increase its stake mark-edly or if it proposed closer

domestic co-operation.

It was unclear yesterday whether Vereinsbank's management was informed about Deutsche's announcement. "We are going to pursue the strategies that we pursued previously. We regard [Deutsche Bank's share purchase) as a confirmation of our business policy," sald Vereinsbank. A Bavarian foundation owns a

10 per cent shareholding in Versinsbank and Viag, the utility group, has around 5 per cent.

Rush for big league, Page 11 Lex, Page 12

Yeltsin looks to bring new faces into government By John Thornhill in Moscow President Boris Veltsin, in a

halting, nationally televised address, yesterday called for "serious corrections" to economic reform to revive industrial production and improve living standards in Russia. In his first appearance for a week, Mr Yeltsin renominated Mr

Victor Chernomyrdin as prime minister and said the recent presidential elections had been an important lesson in highlighting "his own drawbacks and the government's mistakes".

It was now essential to give industry "a second wind" to provide people with work and increase the prosperity of every Russian family, he said, But the short and carefully

edited television footage of Mr Yeltsin did little to allay fears about the 65-year-old president's health. He still does not appear to have fully recovered after an

exhausting re-election campaign.
The president, due to be inaugurated on August 9, suggested
he would include new "professionals" in his reconstituted goverment, which he must subsuit to parliament for approval. "Innovative, competent and fresh people must enter the government,"

Political observers suggest Mr Yeltsin may try to broaden his political support by offering cabinet posts to representatives of the liberal Yabloko grouping, headed by Mr Grigory Yaylinsky. the radical economist and defeated presidential candidate. However, Mr Yeltsin's decision to reappoint the stolid Mr Cher-

nomyrith signals the president's commitment to persevere with the broad thrust of espnowic reform and will reassure local and foreign business executives.
The prime minister's influence in the Kremlin appears to have strengthened greatly since Mr Yeltsin's decision to crush the hardline Kremlin faction clustered around Mr Alexander Kor-zhakov, his confident and body-

But Mr Yelisin appears keen to counterbalance Mr Chernomyr-din's weight by promoting Mr Alexander Lebed, the former army commander, as the sacre-tary of the security council and entrusting him with wide powers to prack down on law and order. "The struggle against comp-tion in all echelosus of power will be the most important direction of my work," Mr Yeltsin said yes-

After suppressing stories about scandal in the run-up to the presidential elections, Russia's itself.

Sport currentian in the grange spart currentian in the departs this national newspapers have this restrict a constitution of the departs of the property of the prope



Burma venture over human rights

By Sondon Cramb in Amsterdam

Heineken of the Netherlands vesterday pulled out of a half-built brewery venture in Burma and said it would also halt exports to the country in response to international pressure over human rights.

"Every billboard in the country will come down. Out is out," the Amsterdam-based group said yes-

Heineken's move follows Tuesday's decision by Carlabers of Denmark in drop gut of a rival project and deals a further blow in Burma's military rulers, who have been seeking inward investment by western multinationals.
It follows the intensification of a US campaign calling for a boy-cott of products made by companies doing business in Burma, which is now called Myanmar by

the ruling state law and order restoration council, Slore. Heineken, the leading foreign brand in the US beer market, was villuerable to such pressures. Mr Karel Vunrsteen, chief executive, said that since its decision to enter Burma 18 months ago. public opinion and issues surchanged to a degree that could have an adverse effect on our brand and corporate reputation".

brand and corporate reputation.

Hetheken is to sell its indirect.

55 per cent stake in Myanmar.

Brewery to Fraser and Neave, the Singapore brewer of Tiger beer which has long been its main.

Asian partner. Both brands were to have been produced at the more than half-built plant in the Chechen HQ bombed, Page 3 more than half-built plant in the Hashipaoto sombs Yeltsin, Page 12 Burmese capital Rangoon, which

CONTENTS

Int. Bond Sarvice ... Maracard Funds21-23

PepsiCo of the US earlier this year agreed to sell its stake in a Burmese cola bottling franchise after losing several US supply contracts, including college campuses. But the soft drinks group is still under pressure because it supplies syrup to the factory for production under licence. Heineken's \$30m project was

further forward than Carlsberg's, which was at the advanced planning stage. The Dutch brewer said it had been swayed by public opinion and its own trade unions. Ms Aung San Sun Kyi, the Burmese opposition leader whose National League for Democracy's election victory six years ago was annulled by the military, has urged foreign companies and tourists to stay away while Slore retains its grip. Slorc-controlled companies were local partners in each of the brewing ventures.

The US boycott has been led by the Boston-based Franklin Research and Development Corporation, which manages about\$500m in ethical investment senior analyst, depicts Burma as "the South Africa of the 1990s" saying trading partners will come under increasing consumer pressure. Oil companies are another target for campaigners. California-based Unocal, together with Total of France, is building a pipeline to export offshore natural gas to Thailand. Texaco and Arco are negotiating with Slore

Sun Kyi exile hint, Page 6

London, during a state visit to

On the second day of his trip, Mr Mandela urged

destroy the legacy of apartheid by improving trade links and boosting investment in his country. He secured a pledge of £80m (\$83.6m) of additional aid from Mr John Major, the prime minister, primarily for education projects.

Banks urged to overhaul data flow for Emu

By Gillian Tett in London

Urgent changes in the way Europe's 15,000 banks and building societies report financial nows were demanded yesterday by the forerunner to a European

central bank.
The European Monetary Insti-tute warned that without better statistics, the central bank would not be able to run effective monetary policy after the switch to European monetary union

planned for 1999. However, the UK is refusing to implement the changes, which will increase the reporting bur-den on financial institutions, arguing that they are too costly

and complex. Although other European Union member countries have agreed to make the changes, some complain they are too closely influenced by the Bundesbank, the German central bank. A French banking official said

the proposed new system seemed closely based on that in Germany, and would "certainly force French banks to make major But German officials insisted

that the system would also force changes on German financial EU countries currently use dif-

ferent methods for gathering information on money supply and balance of payments. While this system is acceptable for domestic policy, it will make it impossible for the future European central bank to gather accurate data across the single currency area.

The EMI is demanding that

central banks harmonise the fig-ures, with most countries giving more information. Financial institutions, for example, will have to supply monthly data, rather than quarterly figures used in countries such as France. Banks will also have to provide information on the maturity of assets - data which are not pro-vided at the moment in the UK and France. They will also have to break down financial flows between EU and non-EU catego-

Banking officials admit the Continued on Page 12

Microwaves. lawnmowers, computers. We're always looking for labour-making devices.

| | | | |
|---------|-----|------|-----|
| Name | | • | |
| Address | | | |
| | ade | .Tel | Fex |

I am specifically interested in Offices 🗋 Factories 🗋 Bespoke sites 🗋

O THE FINANCIAL TIMES LIMITED 1996 NO 98,082 LONDON - LEERS - PANIS - PRAINCESSE - STREETIGEN - MADEIN - MEN YORK - LOS AMOREES - TOKYO - PRINCE KORE

Sietra Fend Ltd

Change in EU

truck charges

Mr Neil Kinnock, the European Union's transport commissioner, is proposing to replace standard charges for road freight hauliers – so-called Eurovignettes – with variable

Since 1998, members states have had the right to impose charges on heavy trucks for using road networks, a system

already adopted by Germany, the Netherlands, Denmark, Belgium and Lixembourg. Mr Kinnock wants to change the

system from a flat rate to variable charges according to the

Vehicles would be classified in three categories: pre-1988; post-October 1998, when new pollutant standards were imposed on trucks; and post-October 1996.

The Commission says that the system would result in an

overall average increase in charges of 23 per cent. This is much less than the industry had expected. Mr Kinnock had

Brussels raids film distributor European Commission officials have raided the offices of the

film distributor United International Pictures following

complaints from cinema operators that the company was

earlier said he wanted to impose hig increases to reduce traffic

EUROPEAN NEWS DIGEST

charges according to the age of trucks.

By Robert Taylor, Employment Editor

High tax and social security hurdens on employers are likely to discourage potential investors and increase unemployment in Europe, Deloitte Touche Tohmatsu International, the global accountancy firm, said yester-day in an analysis of comparative employment costs across 17 European

There is currently "no clear link" between unemployment and wage costs across the continent, with some countries having low unemployment and high wage costs and vice-versa,

Spain's new centre-right gov-erament met their first impor-tant challenge yesterday when some 10.000 trade union offi-

cials from state-controlled com-panies gathered in Madrid to

condemn the ambitious privati-

sation programme unveiled

Mr Antonio Gutiérrez. leader of the Workers Commissions (CCOO) union federation, as

delegates chanted slogans

The threat of a government-union confrontation coincided

with encouraging economic data, however. Registered unemployment fell by 171,999

between April and June, the

biggest second quarter fall

since 1988, to bring the regis-

tered jobless total down to

2.2m. 14.15 per cent of the labour force. Also, while indus-

trial prices went up in May by

0.1 per cent, the year-on-year

are union members. Union

leaders are increasingly con-

cerned about what they allege

is a secret government agenda

Under the auspices of a

"social nact" launched by Mr.

office in May, unions are have

its "ideological offensive" against the public sector.

making concerns, could close

The main union concern is

with government initiatives in

areas such as unemployment

Officials claim there is con-

siderable fraud in the social

security sector - a recent

study alleged that 5 per cent of

total payments were irregular.

GERMANY:
Responsible for Advertising Colm A. Kennaud Prinjert. Härmset International VerLight-cellschaft mbH. Admiral-RosendahlStraue Ja. 6229. Neu Isenburg ISSN 0173786. Responsible Editor Rechard Lambert. Go The Financial Times Limited.
Number One Southwark Bridge, London
etc. 6219.

FRANCE
Publishing Duccaor, P. Maranglia, 42 Rus
La Beire, 75018 PARIS Telephone 1011
5776 5254. Fax 1011 5776 5253 Printer
S A Nord Edair, 1572 Rus de Caire,
F-50100 Roubius Ceder I, Editor, Richard
Lambert, 1558 1148-2753, Commission
Parature No 67508D
SWEDENS
Responsible Publisher Hugh Carnege 468
018 6485, Printer AB Kvällstudningen
Expressen PO Box 6007, 5-550 06,
Jonk-pine
C The Pinancial Times Limited 1996.
Editier Richard Lambert, Lambert

Editor Richard Lambert, els The Financial Times Limited, Number One Southwark Bridge, Lendon SEI 9HL

SEL THE

and disability pay, and pen-

companies it cannot sell.

industrial action.

backing a general strike.

Either the government

said Ms Ellie Patsalos, the company's international personal tax service manager last night.

But she said that many of the large companies interviewed for the survey had expressed concern about employment costs and "intend to take these costs increasingly into consideration when deciding where to invest

Germany has the highest labour costs for production workers, said the report. It found that the average cost of employing a production worker in Germany was a total of \$40,000 a year, when social security contributions were added to wages.

The country with the lowest total costs was Portugal - at \$10,000 a year. The UK was 11th in the league employer's payroll costs per average gross wage amounting to \$24,000 a

"European Commission figures show between 1980 and 1993 the overall tax rate on employees grew by about 20 per cent. Inevitably this trend puts employers under pressure to increase wages rather than create new jobs," said Ms Patsalos.

The report said social security costs were the main burdens for employers but pension schemes, holiday pay, redundancy payments and collective

agreements were also "significant

The survey said there was a link between high labour costs and unemployment in Finland, Denmark, Italy and France, while Iceland and Portngal had low unemployment and low labour costs. But Spain, Greece and Ireland had low labour costs but high lobless rates.

But it also found unemployment was low in Austria, Norway and the Netherlands although those countries have high payroll costs to

The survey found wide variations in

receive 68 per cent of their wages after government deductions but in Spain the figure is 90 per cent. The figure in Germany is 78 per cent compared with 75 per cent in the UK, 80 per cent in France and 90 per cent in

British, Dutch and Norwegian workers make some of the lowest pension contributions (4.6 per cent) compared with over 10 per cent in most western European countries. The Hidden Costs of Employment. Free

from Deloitte Touche Tohmatsu. Verulam Point, Station Way, St Albans, Herts ALI 5HE.

Spanish unions in threat to state sales By Tom Burns in Madrid The economic policies of

German Länder cast shadow changes its policy or we will change the policy for it," said over Kohl's sunny outlook

hancellor Helmut Kohl has been in a notably good mood in recent days - with some justification. Yesterday's cabinet approval of next year's draft federal bud get was a further step towards realising the government's programme for reducing spending. restructuring the welfare state. cutting taxes and making Ger-

rise fell from 1.7 per cent to 1.5. many more competitive. It followed a fortnight in The combative mood at yesterday's mass meeting, which was organised by the CCOO which the Bundestag, the lower house of parliament, and the UGT General Workers approved controversial bills to cut sick pay, make economies Union – the two main union confederations - was a clear in the health service and lower warning to Mr José Maria the burden carried by the state Aznar, the prime minister, that pension system as part of govthe planned rapid sale of pubernment plans to cut federal lic companies will be met by spending by DM25bn (\$16bn)

The disposal of sharehold-Efforts to deregulate the ings worth an estimated economy have also progressed. The Bundestag has voted to Pta3,000bn (\$23bn) over the next four years is the cornerrelax legal protection against stone of the government's bid dismissal for workers in small to whittle down the public defi-cit and make Spain eligible for enterprises with the aim of making the labour market more flexible. A much delayed European monetary union. Public sector companies bill to liberalise shop opening employ more than 200,000 peohours cleared its final parliaple, the vast majority of whom mentary hurdle last Friday.

However, Mr Kohl and Mr Theo Waigel, his finance minis ter, will need all their political strength for the months ahead. of swingeing spending cuts and For progress on those parts of the "programme for more growth and jobs" that are the responsibility of the federal government has been matched Aznar shortly after he took by reverses in areas where the states, or Lander, have a decidiscussions with employers

and government officials on a sive sav. range of issues, including the The Bonn political calendar bears witness to the strain. social security budget and The end of the budget cabinet labour market regulations. Mr Gutiérrez said vesterday that normally signals the start of a those talks would be broken off two-month summer "silly seaif the government persisted in son" in Bonn. Not so this year The Bundesrat, the opposition-dominated second cham-Unions fear job cuts in comber of parliament representing panies that are privatised and the states, meets in special ses that the government, which sion on July 19 and has already faces an annual bill of made clear that it will refer the Pta1,000bn in subsidies to lossbills just passed by the Bundes-

> tee of both houses In the final August week, parliamentarians will return from their summer breaks two weeks early for the conciliation sions of the Bundestag and Bundesrat before the proper autumn parliamentary session gets under way on September 10 with a first reading of the

tag to the conciliation commit-

THE FINANCIAL TIMES
Published by The Financial Times (Europe)
GmbH. Nibelungenplatz 3, 00318 Frankluri am Minn. Germany. Telephone ++49
ril 156 320, Fax ++49 ril 596 +481. Represented in Frankforn by J. Waher Beand.
Wilhelm J. Brüssel, Colin A. Kennated as
Geachäristühere and in London by David
C M. Bell, Chairman, and Alan C Miller,
Deputy Chairman, Shareholder, of the
Financial Times, (Europe) EmbH are. The
Financial Times, (Europe) Lid. London and
F T. (Germany, Advertising) Lid. London,
Shareholder of the above mentioned two
companies is The Financial Times Limited,
Number One Southwark Bridge, London
Shareholder. The Bundesrat can only delay the DM440.2bn worth of spending plans in the federal budget. Similarly, because of the way the government has structured its bills to change

Growth and jobs programme is progressing but big problems lie in wait, writes Peter Norman



90.5 30.9 40.2 33.4 33.8 Net borrowing \$2.50.5 50.5 50.2 55.4 48.9

Germany's 1997 federal budget will create greater scope for private initiative in the economy and set conditions for lower yesterday, writes Peter Norman.

Presenting his plans for a 2.5 per cent cut in federal spending to DM440.2bu (\$290bu) next year and a reduction in the planned federal deficit to DM56.5bn from DM59.9bn in 1996, the minister said the budget would contribute to growth and employment. He said the draft, approved by the cabinet yesterday, was

responsible". Its long-term benefits would outweigh any short-term reduction in demand caused by spending cuts. Mr Waigel said prospects for economic recovery were good. The federal statistics office reported yesterday that the pan-German year-on-year inflation rate touched a record low of

1.4 per cent last month, down from 1.7 per cent in May. The cabinet also decided yesterday to freeze ministers' salaries next year. Details released by the finance ministry showed Bonn is aiming for strict control over public spending in the medium term, with outlays set to rise by an average 1 per cent a year in the five years from 1996 to 2000 inclusive, compared with an expected 4 per cent average yearly increase in nominal gross

the health service, sick pay, pensions and employment protection, Mr Kohl should be able to push this legislation through parliament against any Bundesrat objections, provided the coalition's absolute majority in the Bundestag holds firm. These bills are due for their final parliamentary approval in the Bundestag on September 13.

However, the Lander have far greater powers over the revenue side of the federal budget. Uncertainty also surrounds the states' ability, or willingness, to come up with

DM25hn of spending cuts of their own for next year to match the DM25bn of federal economies and the DM20bn

savings to be made by Germany's social insurance funds. Mr Waigel has forecast tax revenues of DM350.3bn in next year's federal budget, which, other income of DM33.4bn, will leave a federal borrowing requirement of DM56.5bn.

But the projected tax income anticipates real growth next year of between 2 and 2.5 per cent and assumes that widespread tax changes, including a reduction in the solidarity surcharge used to finance east-ern Germany and other legisla-tion to reform company taxes,

will become law.

Last week's first reading of the tax bill in the Bundesrat produced howls of protest against the finance minister's plans. In particular, the proposal to abolish wealth tax. which provides annual revenues of DM8.5bn for the states, was strongly opposed by the Social Democrat-controlled majority in the second chamber. But states governed by Mr Kohl's Christian Democratic Union also raised objections, with Saxony opposing the bill's provision to delay for one year a planned increase in children's allowances which is due to save the federal government DM3bn in 1997.

The Bundesrat sent the tax bill back to the Bundestag with requests for changes in nearly all its provisions. Protracted with a compromise unlikely before December.

Meanwhile, the Länder have failed to agree a DM25bn aus-terity package of their own after Mr Oskar Lafontaine, the premier of Saarland and leader of the Social Democrat party, mobilised resistance to the plan among SPD-led state gov-

The apparent demise of this initiative will make it more difficult for Mr Waigel to achieve his goal of a domestic stability pact in which Germany's federal state and local anthorities would work together to bring the overall government deficit below the Maastricht treaty ceiling of 3 per cent of gross domestic product.

On the other hand, the states need to economise as much as the federal government, so some savings by the Lander are certain. Mr Waigel said yesterday that the modest 1997 public sector wage settlement would save the states about DM13bn. Moreover, recent votes in the Bundesrat, such that on July 5 liberalising shopping hours, show the SPD cannot always impose party discipline on the state governments controlled by the party. The government's eventual

success with the shopping hours law helps explain Chancellor Kohl's confidence that the measures to boost growth and jobs will overcome the legislative hurdles and enter into law. Whether they will be adequate to meet his goal of halving unemployment by the end of the century is far less clear.

have to yield on economy

Italy's new centre-left government is wooing the Marxist Reconstructed Communism party in an attempt to ensure a parliamentary majority for its economic pro-

With the opposition commit-Romano Prodi's Olive Tree alliance government may have to make concessions to RC on the level of agreed wage increases, as well as on the amount of money to be

devoted to job creation. The move to win the support of BC follows the rejection of the government's three-year macroeconomic programme in four out of eight committees in the chamber of deputies on Tuesday and in another yesterday, RC, formed from the hard line of the old Communist party, voted with the opposi-

tion on each occasion. Although the opinion of these committees is purely consultative, the stance taken by RC has underlined the potential power of blackmail that the party can exert on the policies of a government that reltes on it for a majority.

The key test will come today when the budget committee considers the 1997 budget outline in the three-year programme which aims to bring Italy within the convergence criteria for European monetary union by 1998 – a year later than the Maastricht treaty timetable

The committee's opinion. and amendments, provide the basis for debate in the full

the centre-left parties in parliament, it was decided to introduce a specific reference in the government's economic policy document backing the introduction of "some compensatory mechanism" to allow wages to recoup lost earnings

This has been one of the fundamental demands of RC. backed less vociferously by the Party of the Democratic Left, the main partner in the Olive Tree alliance.

Until now the government has been reluctant to allow wage contracts to go above the 2.5 per cent inflation target for 1997 and has sought limit, if not exclude, any catching up on lost earning power over the

past three years.

The meeting also endorsed another RC request to give a higher profile to fighting job-

The parties agreed that the aim of raising employment by a full percentage point over the next three years was too modest. Instead, unemployment needed to be treated as

an emergency.
RC itself has been pressing for a special fund of at least L16,000bn (\$10bn) to tackle memployment.

The one area in which RC demands were directly rebuffed at yesterday's meeting concerned the balance between spending cuts and new fiscal measures in the 1997 budget. RC wanted to spending cuts towards the fis-

Prodi may

By Robert Graham in Rome

abusing its dominant market position in the European Union. A series of raids were launched on UIP's offices in London, Paris and Brussels last week to seize documents. Cinema groups have complained for several years that UIP, which distributes films on behalf of Paramount, MCA and MGM, was

imposing restrictive conditions. These included forcing cinemas to accept film packages if they wanted to show blockbusters.

A Commission official said yesterday the competition

uthorities had come to no conclusion about whether UIP's pehaviour was anti-competitive but had decided that they should obtain the necessary documents to investigate. He could not say how long the inquiry would last.

UIP said it was "surprised" by the raids, and claimed to have given the Commission "voluminous" information in response to previous inquiries. It denied forcing cinema operators to accept block bookings.

Kuchma warns on economy



Ukraine's president, Mr Leonid Kuchma, yesterday won parliamentary approval for his prime minister and called for "an emergency regime" to right the economy and ensure that hundreds of thousands of unpaid workers received their wages. Deputies overwhelmingly approved Mr Pavlo Lazarenko (pictured left), a former farm boss who has served in the post since May. Mr Kuchma

told deputies that "the situation in the economy is critical. Most people's state of being has been stretched to the very limit". He said the government would draw up a list of measures "introducing an

. .

i,

E

emergency regime in the economy without an overall state of emergency in the country". Mr Lazarenko said Ukraine had to reverse the fall in industrial production since independence in 1991, speed up sluggish privatisation and take tough measures to keep the budget deficit within the 4 per cent limit of gross domestic product set by western financial institutions. In eastern Ukraine, 200,000 coalminers are reported to have

joined a strike demanding unpaid wages. Mr Lazarenko said unpaid wages in Ukraine totalled the equivalent of \$1.4bn. "Some industries have a backlog of wages of three to four months," he told deputies. Reuter, Kieu

Slovak anger over minority

Slovakia yesterday summoned the Hungarian ambassador to explain his government's support for a conference last week that called for autonomy for ethnic Hungarians living outside the country.

The Slovak government accused Budapest of breaching a bilateral friendship treaty after Hungarian government officials added their signatures to a statement issued by the conference which said that autonomy was essential to preserve the identity of ethnic Hungarians abroad "and for their survival". A foreign ministry spokesman in Budapest said Slovakia's reaction was "exaggerated and unwarranted". Slovakia is home to some 570,000 ethnic Hungarians whose fate is a constant source of friction with Hungary. Last year, the countries signed a treaty, later ratified by both sides, that appeared to set aside disagreements on the minority issue, but diplomats said it was being interpreted in different ways by each government.

Vincent Boland, Prague and Kester Eddy, Budapesi

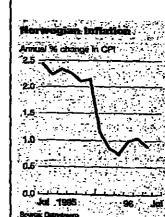
Bonn eases arms export rules

Germany has eased its restrictions on arms exports to help promote co-operation between its industry and European and allied weapons manufacturers. Bonn will rely in future on the export approval procedures of allied governments in cases where a German company supplies components for a joint arms project. Until recently, it has insisted on a prior agreement with the partner government over countries to which arms should not be delivered.

The economics ministry said that German exporters would still have to inform Bonn about the destination of arms containing German components. Germany also reserved the right to raise reservations about any exports to third countries with the government of the arms exporting company.

ECONOMIC WATCH

Norway's inflation falls again



Inflation continues to fall in Norway, despite robust economic growth and incressing employment. The annual rate narrowed to 0.9 per cent for the month ending June 15, down from 1 per cent in mid-May and 2.7 per cent a year ago, according to the state statistics agency. Statistics Norway said inflation dropped as lower fuel prices helped to offset increases in rent, food and charter travel prices, Producer price growth also slowed, from 0.6 per cent to 96 44 year-on-year increase of 1.2 per cent. Norway's economy

can seldom have looked healthier; the government forecasts a 1996 budget surplus of NKr24.9bn (\$3.8bu) and the central bank has projected gross domestic product growth this year of 4.75 per cent, amid booming oil and gas revenues and buoyant domestic demand. Unemployment is set to fall to 4.25 per cent and to 4 per cent in 1997. Yet the danger of overheating remains, with the central bank and OECD warning last month of excessive wage growth Greg McIvor, Stockholm

■ Denmark's current account surplus fell to DKrlbn (\$170m)

in April from a revised DKr1.1bn surplus in March. ■ Italian industrial turnover rose 5.3 per cent year-on-year in April, while orders rose 0.3 per cent.

Overhaul urged for EU's VAT system

By Neil Buckley in Brussels

The European Union's value added tax system needs a "complete overhaul" in preparation for European monetary union, the European Commission said yesterday.

The call came from Mr Mario Monti, single market commissioner, as he relaunched his controversial attempts to harmonise treatment of VAT, setting out a programme of phased reforms through to mid-1999 - by which time the euro is due to be in operation. Reform of the VAT system is highly sensitive for both the Commission and member

The European Commission has revised turnover thresholds above which it believes it should have exclusive rights to vet merger cases. It now probes mergers with total turnover of Ecu5bn (\$6.3bn) and EU turpover of Ecu250m, but has proposed lowering these to Ecu2bn and Ecu100m respectively. After consultation with member states it proposes it should yet any case above the lower threshold which would otherwise involve three or more national competition authorities. For other cases, it suggests thresholds of Ecu3bn and Ecu150m.

states. Squabbles within the ture late last year of Mr Peter Wilmott, director-general for customs and indirect taxation. Change is likely to be resisted by many member states - making the chances of

Commission led to the depar-slim. But Mr Monti said yesterday his programme tried to take account of member states' concerns, and Brussels would use "all its persuasive powers". Any extension of qualified majority voting to fiscal maton revising the workings of the EU could also make it easier to get VAT changes approved. "We are all aware the tax field is fraught with difficulties," Mr Monti said, "but the

need is increasingly felt to improve the competitiveness of European firms by simplifying the system, cutting costs, and to give national administrations adequate guarantees (on tax collection) at a time when they are trying to cut deficits." His three main proposals

To make businesses pay VAT on cross-border transacgetting the required unani- ters as a result of the ongoing tions in the country of origin

intergovernmental conference rather than the country of destination. The Commission says this would cut administrative costs for companies and make it easier to apply VAT rules. To harmonise VAT rates progressively. Mr Monti believes making businesses pay all their VAT in one member state, rather than in several, will make it essential to bring tax rates closer together to avoid businesses in low-taxation states having an unfair advantage.

> ■ To modernise and standardise the scope of VAT, who would pay and who would be exempt, and rules on tax

racels film distribute

WATER OH COMON

anger over minuth

.e/= 1

 $\mathcal{H} \in \mathbb{R}^{p_{1}}$

₩.#c^{0.6}

\$ - 10 m

and the

April 2000

Chechen headquarters

By Chrystia Freeland In Moscow

Russia yesterday shattered the fragile Chechen ceasefire which helped to secure President Boris Yeltsin's re-election, unilaterally breaking off talks with the separatists and bombarding the headquarters of



Zelimkhan Yandarbiyev. leader of the Chechen fighters: Yeltsin's guest in the Kremlin

The aggressive moves are likely to provoke a new outburst of heavy fighting in the battered region and threaten to discredit Mr Yeltsin less than a week after his resounding victory over the Communists at

the polls. General Vyacheslav Tikhomirov, Russia's military commander in Chechnya, said that as of yesterday Russia had broken off all political contacts with the Chechen separatists and targeted fire on the village where Mr Zelimkhan Yandarbiyev, the leader of the Chechen fighters, is thought to be

Just two months ago Mr Yandarbiyev was Mr Yeltsin's guest in the Kremlin in a highly publicised meeting which brought a delicate truce to the war-torn region and inaugurated a series of more substantive negotiations.

to consolidate his image as a man of peace by ordering the withdrawal of Russian troops

from Chechnya. Gen Tikhomírov's announcement coincided with intense Russian air and artillery attacks on at least two Che-chen towns, including the one where Mr Yandarbiyev was believed to be temporarily

Local officials said that dozens of Chechen civilians had already been killed in the fresh eruption of fighting which began on Tuesday.

Russia's reversion to bellicose tactics in Chechnya so soon after Mr Yeltsin's election provoked anguished protests from liberal politicians and journalists who had been the president's most stalwart allies during his campaign to remain

This sense of betrayal was most stridently voiced by Mr Konstantin Borovoi, an archliberal parliamentarian, in a statement drafted for debate in the legislature yesterday.
"If military action in the

Chechen republic is not quickly stopped, then on August 9 (the president's inauguration day) the people of Russia will receive the right to name Yeltsin not a new president but 'a liar and a killer', Mr Borovoi's draft said.

Although parliament rejected Mr Borovoi's harsh comment, it reflected the Russian liberal elite's fear that, with the elections safely behind him, Mr Yeltsin has reverted to the crude policies which had made him one of Russia's most unnopular politicians just six months ago.

However, uncertainty about Mr Yeltsin's health has made it difficult to determine who has taken the decision to jettison the peace process and restart the war in Chechnya.

Some military observers have laid the blame squarely at the feet of Gen Tikhomirov, a hawkish officer who has been opposed to talks from the outset. But others believe the gen-On the eve of the presiden- eral must have received tial election Mr Yeltsin sought approval from Moscow.

Russia bombs Srebrenica: 'scene from hell' that drove Bosnia to peace

r Hurem Suljic is a gaunt Bosnian Mr Suljic says he remembers clier than his 56 years as he commander, taunting the prishobbles about his garden in a village outside: Sarajevo, recently abandoned by the

His voice is strong but impassive as he describes surviving Europe's worst atrocity since 1945, a chain of ghastly events that began when Srebrenica fell a year ago today. He remembers the token, last-minute air strike by Nato which failed to stop the Serb armour ploughing its way into the town, one of six UN-pro-tected "safe areas" of Bosnia. "At first, when I heard Nato's bombers, I thought everything was all right and I went out to do some planting,"

he recalls. "But then I heard they hadn't bit a thing." That evening, Mr Suljic and his grand-daughter rode on horseback to the UN camp at Potocari, north of the town, where, he says, up to 30,000 residents were holed up.

About 12,000 of the town's able-bodied men had already embarked on a desperate walk to government-held territory. They had to contend with minefields and Serb attacks with anti-aircraft guns. Many went mad or committed sui-

But Mr Suljic, as an invalid, took his chances with the women and children at Potocari. This was a mistake: like all the men at the UN base, he was separated from the terrified women and driven away. It now seems that virtually all these male captives

oners: "You thought Nato can save you, but Nato can't."

He says that after two nights' confinement, in which many of his fellow captives were beaten to death, he and dozens of others were taken out in trucks to a field where they were lined up in columns of four, a few feet apart.

"I heard machine-gun fire behind me, they were shooting us in the back," he recalls. "A man fell on top of me. He was alive, but then they came round with pistols and started

posed stalemate and led to the Dayton peace agreement which divided Bosnia roughly in half between a Serb zone and Croat-Moslem federation.

est pages of human history."

Yet for all its ghastliness, the

fall of Srebrenica - and of nearby Zepa, another Moslem enclave - began a series of events that broke the UN-im-

Bosnian officials have never hidden the fact that before Srehrenica's fall, the existence of highly vulnerable Moslem enclaves in the east of the republic was preventing them from breaking the military

A survivor recalls an atrocity which today, a year later, is still marked by some haunting unanswered questions

shooting individuals. He was wounded in the neck, bleeding, crying for help. And then he stopped breathing." The dimensions of the Sre-

brenica massacre have been pieced together through accounts like that of Mr Sulic, who crawled away and spent five days walking to safety. The Red Cross reckons that more than 6,000 people are missing. An investigation into 12 mass graves, which began this week, will show how many died in cold blood. The Serbs

have claimed that many deaths occurred in combat. Judge Fouad Riad of the international war crimes tribunal said after sifting the evi-

dence of the Srebrenica massa-

logiam and rolling back the Serbs. For example in autumn 1994 Bosnia had to soften its demands for an end to the UN arms embargo because it feared provoking a Serb attack on Srebrenica.

The inconvenience to the Bosnian side of the enclaves was bluntly noted by General Rasim Delic, the military commander. "Our government had made many ceasefires, many political concessions in order to save Srebrenica and Zepa." But there was, it appears, a limit to the willingness of Sarajevo, Washington and several other capitals to go on making concessions for the enclaves'

cre: "These are truly scenes of the Bosnian forces in Sre-from hell, written on the dark-brenica, Naser Oric, was astonished to receive orders from his masters to quit the enclave, along with 17 other officers, and never to return.

A Bosnian general, Mustafa Hajrulahovic, defended the decision to withdraw key officers from Srebrenica on grounds that an offensive was imminent and "we had to get ready to evacuate the population and they (the command-ers) needed to get their

orders".
As for the US government, its low-key stance in the run-up to Srebrenica's fall was in contrast to the diplomatic campaigns it had mounted to stop Serb attacks on two other Moslem enclaves in 1994. In the words of Mr Michael

Williams, former UN spokes man in Bosnia, "the Americans had made a lot of fuss about Gorazde and Bihac, but little about Srebrenica."

"Did the US write off Sre-brenica?" asks Mr Andreas Zumach, a German investigative journalist, who suspects that some US officials knew all about its impending fall.

Despite the efforts of investi-

gators, many of Srebrenica's riddles remain unanswered, including that of who knew what and when. As Ms Madeleine Albright, US ambassador to the UN, said when visiting a goulish mass grave: "I find it very difficult to deal with the fact that scores of people must have known what was going

Reporting by Bruce Clark, Harake. riet Martin, Laura Silber and In April 1995, the commander Paul Wood



recently of nine Bosnian Moslems executed by Serb forces in

DIPLOMATS UNITED ON KARADZIC REMOVAL

Senior western diplomats agreed in London yesterday on the urgent need to "marginalise" Mr Radovan Karadzic, Bosnian Serb leader, and ensure he is brought to trial by the international war crimes tribunal in The Hague, writes Bruce Clark. The tribunal is expected to issue an international arrest warrant for both Mr Karadzic and General Ratko Mladic, the Bosnian Serb military commander, today. This could potentially clear the way for a commando operation to arrest them, an idea

which has been mooted in Washington.

The diplomats agreed the recent decision by Mr Karadzic to transfer presidential responsibilities to his deputy, Ms Biljana Playsic, was only a first step towards the Bosnian Serb leader's

withdrawal from real power.

They also agreed the "right place for Mr Karadzic is The Hague," according to a Foreign Office spokesman. The diplomats, from the US, France, Germany, Russia, Italy and the EU, agreed it was desirable all political parties participated in forthcoming Bosnia-wide elections.

However Mr Robert Frowick, the US official overseeing the elections, is understood to have stuck to his position that the SDS, a hardline Serb nationalist party, should be excluded as

Erbakan raises state pay in Turkey by 50%

Mr Necmettin Erbakan, Turkey's new Islamist prime minister, has announced a 50 per cent pay rise for the country's 1.8m state employees, increasing fears that he will pursue populist policies at the risk of damaging the economy.

"This will be paid for through blessings of God," said Mr Erbakan, dismissing fears of economic damage. "This government is for villagers, workers, the unemployed, the poor,

the retired. We did the most we could to help them. Our aim is to bring prosperity for the people." But he told parliament: "Every sort

of income from profiteering should be taxed in an active manner, while easing the tax burden on production fac-Analysts say the wage rise will add

\$1.5bn to the treasury's budget deficit this year, bringing it close to \$10bn, double last year's gap. Inflation and interest rates could also rise substan-

the lowest grade of civil servant should rise to \$231 a month – an industrial worker in Turkey is normally paid around \$200 a month. Mandarius are to get just under \$2,000. The 50 per cent pay increase makes up for inflation of nearly 40 per cent in the first half of the year.

Mr Erbakan denied that the rises would be swallowed up by higher inflation, more taxes or price rises at state-owned companies. He said higher incomes would stimulate the

With this week's increase the pay of economy, strengthening public

Mr Erbakan's Refah party is the dominant partner in the coalition with the conservative True Path party, whose leader, Mrs Tansu Ciller, has responsibility for economic policy. Mrs Ciller was more cautious than the prime minister yesterday. "Without finding additional resources the pay rises will be taken away" by inflation, she said. The government to finance the higher wage bill.

Annual inflation is over 80 per cent and real yields on the snowballing domestic debt are 50 per cent a year. Inflation and interest charges look certain to grow, swelling the budget deficit fuelling yet more inflation. Mr Deniz Gökçe, an influential financial analyst, said: "I do not anticipate any problems until October. But Erbakan cannot continue with this kind of populism." Mr Gökçe said inflation subsides and hard currency would search for additional resources revenues rise in the summer, giving the government a breathing space.

AMERICAN NEWS DIGEST

Thousands flee hurricane Bertha

Hundreds of thousands of residents and tourists began evacuating vulnerable coastal areas from Florida to North Carolina's fragile barrier islands yesterday as hurricane Bertha headed toward the US eastern seaboard. Florida authorities issued evacuation orders for nearly

500,000 residents from Sebastian Inlet to Amelia Island. The storm spent Tuesday in the open Atlantic after a deadly trek through the eastern Caribbean that killed at least three people in Puerto Rico.

Bertha was downgraded to a category 2 hurricane on

Tuesday as maximum winds dropped from 115 mph to 105 mph. But even if the storm turns out to sea it could still cause high waves and erosion on the coast, US forecasters warned. At Cape Canaveral in central Florida, officials at Kennedy space centre hurried to pull the space shuttle Atlantis off its launchpad as a precaution. AP, Miami and Reuter, Nassau

Netanyahu foresees drop in aid

Mr Benjamin Netanyahu, the Israeli prime minister, promised the US Congress yesterday that he would begin reducing his nation's dependence on US economic aid. The US provides some \$3bn in economic and military aid to Israel each year,

more than to any other country.

The promise, part of a wide-ranging speech to a joint meeting of Congress, won a standing ovation from lawmakers and Clinton administration officials who have been making

their own promises of US government cutbacks.
Elsewhere in his speech Mr Netanyahu said his country was ready to begin negotiations with the Palestinians on a final settlement. But on Jernsalem, which Arabs aspire to make the capital of a Palestinian state, he reiterated his tough line. "There will never be such a redivision of Jerusalem, never," be said to widespread applause. Reuter, Washington

Atlanta taxi fares up by 40%

Atlanta taxi drivers raised fares by as much as 40 per cent yesterday under city-approved legislation that allows them to charge higher rates during the Olympic Games.

The fare for one person from the airport to downtown

increased from \$18 to \$22 under legislation approved by the city council. The flat rate for a taxi ride within the downtown district rose from \$5 to \$7 - a 40 per cent increase. The surcharge for additional passengers has been doubled. surcharge for additional passengers has deen combled.

The fare increases will remain in effect until August 30, more than three weeks after the Olympic Games end on August 4. Olympics officials have said they oppose price-gouging. A Georgia law limits the rates hoteliers can

charge during the Games. Cuban hijacker 'was dismissed' A Cuban who hijacked an aircraft to the US naval base at

A Cuntanamo Bay in southeast Cuba had been sacked from his job as an interior ministry officer on suspicion of theft, Cuban officials said yesterday. They said said Mr José Fernandez Pupo was a former

lieutenant colonel in the interior ministry. He was dismissed in February on suspicion he had stolen about \$50 worth of in reordary on suspicion he man to be used for food supplies. Mr Fernandez Pupo forced a small plane on a domestic flight in eastern Cuba to land at the US base on Sunday and then

asked for political asylum in the US. US officials have said he is in the custody of the US Immigration and Naturalisation Service, and have not yet said how the case will be handled. Havana, Rester

NEWS: THE AMERICAS

President seals pact with Mexico's hardline governors, write Leslie Crawford and Daniel Dombey

Isolated Zedillo trades policy for friends

or Mr Roberto Madrazo, the embattled governor of Tabasco, a year-long picking a year-long nightmare ended this week when state prosecutors absolved him of responsibility for the massive undeclared funds employed by Mexico's ruling party to secure his

election victory in 1994. In reality, Mr Madrazo's reprieve came not with the prosecutor's verdict, but with a single presidential embrace two weeks ago, on the airport tarmac of Villahermosa, the capital of Tabasco and Mr Madrazo's

home town. In the cryptic language of Mexican politics, President Ernesto Zedillo's visit to Tabasco, during an official inquiry into Mr Madrazo's \$73m election war chest and alleged ties to money launderers, was interpreted as more than just a show of support for the controversial governor.

Most observers saw the warm embrace as confirmation that Mr Zedillo had sealed a pact with Mexico's hardline governors to win support for his flagging presi-

dency.

After 19 months in office, Mr Zedillo's relationship with the Institutional Revolutionary Party (PRI) is still fraught with tensions. His orthodox economic policies are regarded as an electoral liability, while his efforts to modernise the PRI are viewed with suspicion.

Mr Zedillo's isolation had begun to affect his ability to govern Mexico. No other president has been the target of so many rumours of military coups, palace conspiracies and plots to force

Mexico's state governors - powerful overlords, whose fathers and grandfathers were often governors before



last for the president's unstable ship. To get them on board, however, Mr Zedillo may have been forced to give up much of his reformist agenda. "I think we will see the gradual abandonment of national talks on electoral and political reforms," says Mr Federico Estevez, director of the social sciences department at Itam university. "Instead, President Zedillo will probably begin to give prominence to law and order issues, and the importance of maintaining social sta-

The opposition Revolutionary Democratic Party (PRD) said Mr Madrazo's them - represented the obvious bal- acquittal in Tabasco raised questions

Mexico's monthly inflation dropped to 1.6 per cent in June, its lowest level in 18 months, in a sign that the central bank's tight monetary policy is beginning to tame the price explo-sion provoked by last year's deprecta-tion of the peso, Leslie Crawford reports from Mexico City. Consumer prices rose 15.3 per cent in the first six months of the year, against 32.9 per cent in the first half

Most private forecasters expect inflation for the full year to end at between 25 and 30 per cent, compared with 52 per cent in 1995.

Other figures released by the finance ministry and central bank suggest that economic recovery is under way. Industrial production has shown a

consistent improvement since February, with the exception of the construction industry which remains in the doldrums because of the lack of big government projects and the high cost of bank finance. Consumer spending has begun to show a timid

about President Zedillo's commitment to free and fair elections. "We expected the verdict," Mr Andrés Manuel Lopez Obrador, the defeated PRD candidate in Tabasco, said. "The state prosecutor, after all, owes his job to Mr Madrazo."

Another governor who fought for his political life - but lost - was Mr Rubén Figueroa of Guerrero, on Mexico's Pacific coast. Mr Figueroa was forced to resign in March for attempting to cover up a massacre of unarmed peasants by his state police. Since Mr Figueroa's departure, the state of Guerrero has been convulsed by the appearance of a new guerrilla ment's chief "alchemist", conjuring did we get? All-out war."

recovery, though investment outlays are still below 1995 levels.

Mr Guillermo Ortiz, finance minister, estimates gross domestic product grew by 5 per cent in the second quarter of 1996, at which point the economy would have recovered about half of the production lost during last year's deep recession. The finance ministry has forecast the economy will grow by 3 per cent in 1996, against a 7 per cent contraction in

\$8.04bn, almost 20 per cent higher than a year ago. Mexican industry has also begun to generate a greater demand for imports, which are up by 18 per cent compared with recession-

hít 1995. The trade balance remains healthy, totalling \$3.34bn in the first five months of the year. The accumulation of net international reserves, however, remains painfully slow, with the central bank recording only \$1.65bn in net reserves at the end of last week.

further to undermine the authority of the president. Yet another governor who has remained unshaken by the president's

reformist agenda is Mr Manuel Bartlett, who heads the central state of Mr Bartlett is the very model of a Mexican politician. He has served the PRI for 30 of his 60 years and been rewarded with top ministerial posts in two administrations before returning

to his home state as governor in 1993.

the presidency, by the slimmest of margins, for Mr Carlos Salinas in

But the time-honoured methods which have kept the PRI in power for 67 years landed Mr Bartlett in trouble earlier this year. The conservative National Action Party, emboldened by popular anger at Mexico's economic crisis, accused the governor of votebuying and election-rigging during Puebla's municipal elections. After much wrangling, some of the more questionable results were overturned. Mr Bartlett shrugs off the defeat as "opposition blackmail" and defends his vote-winning tactics. "It is absolutely legitimate to give

last day before an election, so that people can see the government is committed to the peasantry and is giving them their due," Mr Bartlett says.
"This is not anti-democratic. All

out [farm subsidy] cheques up to the

parties do the same in Mexico; even the governors of opposition parties, they behave in exactly the same way.'

The only item in Mr Zedillo's agenda which sparks off Mr Bartlett's enthusiasm is, not surprisingly, a presidential initiative to devolve more power to state governments.

More political reform? Mr Bartlett
does not see the sense in it. "We (the

PRI] gave away seats in Congress to the opposition long before they were strong enough to win on their own; we invented the system of proportional representation; we introduced state financing for all political par-

ties," he says.
"All of this was done courtesy of the PRL And instead of thanks, what

Powell rules himself out of full-time role for Dole

By Jurek Martin in Washington

Retired General Colin Powell, still seen by some as a potential saviour for the Republican party, yesterday ruled out full-time campaigning on behalf of Mr Bob Dole, the party's presumed presidential candidate. In a breakfast TV interview, he denied his support for Mr Dole was "tepid", saying: "I will vote for him, I will support him and I will convey, as I go round the country, the reasons that I think he is worthy of that sup-

DOLT. But, he went on, "the specific question that's caused all the speculation is am I going to become a full-time

campaigner, on the trail, in the plane. and the answer to that is no, that's not part of my life at this time and that's not what I intend to do". Gen Powell said he was "willing to consider" a speaking role at the

Republican national convention in San Diego, California, in the middle of next month, as has been suggested recently by Mr Newt Gingrich, the House Speaker. But he emphasised that nothing had yet been decided.
He also obliquely criticised Mr Dole for not attending the annual meeting of the National Association for the Advancement of Coloured People (NAACP), which is taking place this week in Charlotte, North Carolina,

Mandai Perina Brazza - Grace (India) Final Ltd.

and which was to be addressed later not believe in some of the now "stanyesterday by President Bill Clinton.
"I wish he [Mr Dole] didn't have a scheduling conflict," said Gen Powell, who is black, citing the reason given by the Dole campaign for not going to Charlotte. "I think it would have been useful for him to present his views to

the NAACP."

The former chairman of the joint chiefs of staff has been in the public eye this week with a series of interviews on publication of the paperback edition of his best-selling memoirs. In one broadcast on Tuesday with Mr David Dinkins, the ex-mayor of

dard postures" on the party he only formally joined last year. "The Republican party is broader

you might think from watching the headlines," he told Mr Dinkins. "What I think Senator Dole will have to do is make sure those inclusive, moderate, porting him."

Mr Dole now seems to be acting on this advice. Having already risked the wrath of social and religious conservatives by seeking to incorporate a declaration of "tolerance" on abortion New York City, he was critical of the Republican right wing, saying he did in the party platform, on Tuesday he pocket" of the National Rifle Assa went back on a promise to repeal, if tion, the principal progum lobby.

of certain types of assault weapons. We've moved beyond the debate over banning assault weapons," he and deeper and more inclusive than told a Virginia rally. "Instead we ought to be emphasising what works," such as improved computerised checks on would-be gun buyers. But Mr Dole left to his press spokescentrist Republicans are in there sup- man the task of making explicit that repeal of the assault weapons ban was "no longer on the agenda". That brought prompt criticism from the Clinton campaign that Mr Dole was refusing to "come clean" and therefore might still be "squarely in the pocket" of the National Rifle Associa-

elected, the 1994 ban on the sale

Former foes unite in GM bus venture

By Yaroslav Trofimov In Tel Aviv

In an unprecedented business venture between two formerly hostile nations, Jordan's Elba company and Universal Trucks Israel (UTI) have agreed to co-operate in assembling and marketing a 24-seat General

Under the deal, UTI, the sole dealership for General Motors vans and trucks in Israel, will import GM chassis and ship them to Elba's factory in Amman, where the buses' body and furnishings will be added. The finished minibuses will then be returned to Israel for

Elba already builds bodies for buses based on chassis by Mercedes-Benz.

"As far as I know, this is the first such co-operative effort in the history of Arab-Israeli relations," said UTI's managing director, Mr Doron Lior.

He added that the first prototype bus, which would proba-bly be sold under the name "GMC King", was completed and ready for marketing. He expected the sales - to be launched in a few months - to reach \$9m for the first year.

"We are primarily targeting commercial companies which would use these buses for tourists," Mr Lior said. The minibuses are expected to sell for \$90,000.

All the sales of the new venture will have to be inside Israel, as UTI's agreement with General Motors bars the com-pany from re-exporting GM

According to Mr Lior, while no actual work on the minibuses will be performed in Israel in the coming months, at a later stage UTI plans to establish an Israel-based facility to equip the GMC-Elba vehicles with its own seats and air conditioners.

The minibus venture has been made possible by the October 1995 Jordanian-Israeli trade agreement, which removed obstacles to trade.

OECD sets hurdle for S Korea

Seoul must free up economy to qualify for entry

John Burton in Secul

The Organisation for Economic Co-operation and Development has told South Korea it needs to commit itself to further liberalisation of its economy if its efforts to join the Paris-based body are to succee

OECD committees vetting Korea's application have concluded that, despite recent economic reforms, it still does not meet the organisation's codes on capital movements and inward investment.
Officials close to the mem-

bership negotiations said Seoul had been given until September to show how it planned to comply with the requirements. Separately, a dispute has erupted over demands by a growing number of European governments that Seoul give up its attempts to retain indefinitely its developing country status in negotiations on agricultural trade.

However, Korea - with sup-

Ericsson. the Swedish

telecommunications company,

is to supply Turkey's Turkcell

mobile telephone network

with \$100m worth of switching

gear and radio base stations

this year to meet rapidly ris-

The Turkcell network is the

largest of two operating in

Turkey under a revenue-

sharing agreement with the

state-owned Türk Telekom

Mr Ersin Pamuksuzier, dep-

uty general manager of Erics-son's Turkish operation, said

"the new investments will

allow Turkcell to increase

its capacity to serve 700,000

subscribers by the end of 1996". Ericsson holds a 15 per

Demand for mobile GSM

telephones in Turkey has

grown rapidly since the gov-

ernment licensed the two net-

cent stake in Turkcell.

ing demand.

members - is bitterly resisting. A senior official in Seoul said agriculture was politically so sensitive that his government might withdraw its application to join the OECD rather than renounce its developing coun-

To accept OECD conditions on this issue is out of the question because it would open a Pandora's box of political problems for the government," he said. "If we made any concessions now, it would probably destroy the already fragile domestic consensus for joining

the OECD." The Korean government has recently expressed confidence that its negotiations have made enough progress for its application to be approved by the OECD's governing council in September, paving the way for membership by the end of the year. However, an official of one OECD government said Seoul was being too optimistic, though he still believed the remaining obstacles could be

Pamuksuzier said "we are get-

ting about 35,000-10,000 new

subscribers per month for our

Turkcell already has 410,000

subscribers and needs to

increase capacity to accommo-

date the growing number of

Demand is rising in spite of

Turkey's serious economic dif-ficulties and political uncer-

tainty following last week's appointment of Mr Necmettin

Erbakan as the country's first

is a huge number of self-em-

ployed people and small com-panies that need mobiles and

this trend is likely to con-

Turkcell has almost cor-

nered the GSM market after

the government withdrew the

licence of its competitor Tel-

sim last year, alleging that it was in breach of its

Mr Pannksuzler said "there

Islamic prime minister.

mobile phone network

network.

port from some other OECD cleared in the next few "Joining the OECD is prov-ing more difficult in objective terms than the Koreans had thought," said another official.

"Giving a simple statement of political commitment will not be enough to ensure member-In an effort to boost its application, Korea told OECD members at a meeting last week that it was ready to abolish by

the year 2000 its restrictions on foreign portfolio investment and to ease curbs on foreign banks and securities firms. However, the OECD committees are not satisfied that Korea has done enough to remove restrictions on trade

credits and bond transactions,

contract. One of Telsim's principal shareholders was locked in a bitter political fend with

Mrs Tansu Ciller, then prime

The new Islamist govern-

ment has announced that it

will renew Telsim's licence.

Analysts expect Telsim will soon go ahead with plans

to invest over \$100m to

upgrade its network and win

back subscribers lost to Turk-

that the new government will accelerate stalled plans to pri-

vatise the mobile network or

raise \$500m by selling 35-year

licences until the supreme

court declared the legislation

Her government sent a new draft law to parliament, but

Turkey's recent political

Mrs Ciller had hoped to

sell new licences.

Ericsson executives hope

and are also pressing it to lower further barriers to takeovers by foreign companies. Although Seoul might not be required to meet all the ORCD rules on capital movements immediately, members are seeking a firmer timetable for its planned compliance than

Korean exports: where they go By region, 1994 (% of total exports) Flest of world (20.4%) indian subcontinent (1.7%) North-east Asia (2.8%)

Latin America (3.2%) China (8.5%)

Korea has so far been willing Some negotiators believe its reluctance partly reflects goverament concern about the country's growing current account deficit. But they say Korea also seems generally unwilling to rely on market-

Meanwhile, Belgium, France, Germany, Italy, the Netherlands, Spain and Sweden are insisting that Korea agree to renounce its developing country status in farm trade before

new agriculture negotiations in the World Trade Organisation

Korea's refusal to give any commitment is supported by Australia, Canada and New Zealand - normally passionate critics of agricultural protectionism – and by Japan

Korea has already told the OECD it will give up develop-ing country status in trade in industrial products. But officials say its regime for agricultural trade is a matter for the

Ericsson boost for Turkish Dumping duties irk pasta makers

Italian pasta companies yesterday threatened to appeal against a US decision to impose anti-dumping and antisubsidy duties on imports. The US International Trade Commission said on Tuesday that cheap imports from 20 Italian and three Turkish pasta

producers had injured domestic producers. The Commerce Department will impose defini-tive anti-dumping duties of between 0.67 and 47 per cent on Italian producers. De Ĉecco, Italy's largest

exporter of pasta to the US, was hit with the heaviest antidumping duty, and an anti-subsidy duty of 3.37 per cent, Mr Roberto Bonucci, managing director of De Cecco, said yesterday the company was "extremely displeased" by the ITC's decision, especially as De Cecco pasta cost up to twice as

much as US-produced pasta.

have damaged the competition by undercutting US pasta: it seems to me this is the reverse," he said.

Mr Giuseppe Menconi, president of Unipi, the Italian pasta-makers' trade association, said yesterday an appeal was a strong possibility. The pasta-makers can appeal

to the Court of International Trade in New York. The Italians are also putting informal pressure on the US government through the European

Italian producers export 150,000 tonnes of pasta a year to the US. De Cecco's US exports of 20,000 tonnes account for about 30 per cent of its production. Provisional duties are

already in force against Italian pasta imports following a lobby by US producers, includ ing Borden, Hershey and Gooch Foods.

WORLD TRADE NEWS DIGEST

BT links with Korean ally

British Telecommunications yesterday announced an alliance with Dacom, a privately owned South Korean telecoms carrier Formerly the Data Communications Corporation of Korea. Dacom was established in 1982 with Korea Telecom holding a substantial stake. It has since been privatised and competes with Korea Telecom in the international voice and domestic long-distance market.

The joint venture will provide business communications services for companies in Korea and it will give its customers access to global services from Concert, BT's joint venture with

Mr Ik-soo Son, president and chief executive of Dacom said: "BT is the best possible company partner to help us meet our objectives in the areas addressed by the proposed joint venture." Dacom employs about 3,000 and had revenues of \$462m in 1995. It is a member of the Hansol Personal Communication Service consortium which won a licence this year to offer mobile services across Korea. Alan Cane, London

तर्भ हिल्ला

US-Japan chip talks fail

The US and Japan have failed to resolve their differences over semiconductor trade following two days of talks in Tokyo. "We held discussions on proposals from the both sides, but res nosettlement," said an official at the Ministry of International Trade and Industry. However, he said there had been "a deeper understanding of the other's proposal" on a new framework to replace the bilateral semiconductor agreement which expires at the end this month. Washington has been pressing for a new bilateral framework which has boosted the foreign share of the Japanese microchip market to above the

Ukraine to lease Boeings

State-owned Air Ukraine will lease two Boeing-767 aircraft for non-stop flights to North America to replace ageing Soviet-built Ilyushin-62 aircraft. The Boeings will operate on existing routes linking Kiev with New York, Chicago and Toronto and to two planned destinations, Miami and Los

The leasing arrangement was concluded through a joint venture set up with the US company Crusader with a capital of \$250m. Further leasing arrangements are expected.

The Boeing aircraft are expected to generate considerable fuel savings compared to over the II-62. Ukrainian media has also reported that the Ilyushins will no longer conform to US anti-noise legislation from next year.

RJ Reynolds in Belarus venture RJ Reynolds Tobacco, a unit of US consumer goods group RJR

Nabisco, is negotiating a joint venture to produce cigarettes with the Grodno tobacco factory in Belarus, but several issues must be settled before the government can approve the deal. An official at the Ministry of Foreign Economic relations did not assign a price to the potential deal but said that the investment would be split evenly.

Interfax news agency said the company would invest \$12m over five years to modernise the factory and sought excise duty and value added tax exemptions, but the Belarusan side wanted \$20-\$30m in new equipment.

Ford will begin manufacturing cars and vans in Minsk next year after signing a \$20m joint-venture deal with Belarus and Lada of Russia in May.

Reuter, Mins. Reuter, Minsk

NEWS: INTERNATIONAL

Resolution strengthens plan for international East African force to halt ethnic killing | Africa to

OAU backs Burundi peacekeeping mission

and agencies

strife within member nations, eninhatic backing to a proposal to send East African troops between majority Hutus and minority Tutsis.

the initiative - planned by Tanzania, Uganda, Ethiopia -OAU concluded instead that it erly concern and genuine anxiety to avoid a new African catastrophe".

the end of the three-day summit in Cameroon was more hard-hitting than a draft version circulating beforehand, which vaguely commended regional efforts "to set up a technical committee to look into the modalities of extend-

also appealed to other nations to provide logistics and finan-cial support for the venture, will satisfy Mr Julius Nyerere.

political settlement between the two ethnic communities have so far been sabotaged by the steadfast refusal of UPRONA, the Tutsi-dominated party, to talk to Hutu-led reb-els operating from Zaire.

African leaders declared their full support for decisions reached at last month's to give it a formal blessing

But Mr Nyerere has made it clear that if all attempts at a from the Tutsi community.

any regional force sent to



After decades of ignoring civil the Organisation of African Unity (OAU) yesterday gave into Burundi to halt the killing Rejecting suggestions that

amounted to interference in Burundi's internal affairs, the was "a demonstration of brothty to avoid a new African the former Tanzanian president chairing peace talks.

The resolution adopted at between Burundi's political

regional summit in Arusha to provide troops to guard politicians, key installations and retrain Burundi's Tutsi-dominated security forces. That meeting was considered a diplomatic breakthrough,

because it was the first time that the leadership in Burundi had formally asked for outside help.
The OAU resolution, which

parties. His attempts to negotiate a

may encourage UPRONA to

political solution fail, Tanzania for one, is ready to realise its plans in the teeth of resistance More than 150,000 people have died in Burundi in the past three years and thousands have fled into neighbouring countries, stoking instability in

a politically fragile region. "It's a good initiative," Burundi's prime minister Mr Antoine Nduwayo said. Mr Nduwayo is a Tutsi, the minority tribe that dominates the army and insists on controlling

As a Tutsi, he is caught in the middle between hardliners rejecting the plan and the govunder intense international



Roula Khalaf speculates on how Riyadh may use a \$8bn windfall

il bonus mystifies Saudi watchers

nues from higher oil prices this year. But how the windfall is being used is anybody's guess. So far, according to economists and businessmen, not much of it has found its way

prices in the first half of this vear have been about \$1 higher than the \$14 price assumed in the SR150bn (\$40bn) 1996 budget unveiled in January. Businessmen and economists

into the local economy.

are eager to find out how the oil bonus is being used in view of the government's commitment to reducing reliance on oil and promoting the private sector. King Fahd's illness in recent

months seems to have slowed

the momentum for economic

decision-making this year.

Economists fear that the secu-

Saudi Arabia may receive as much as \$80n in extra reverence attack on a US Air Force personnel compound in Dhahran, the second bombing in the kingdom in eight months, will relegate economic matters even further. Meanwhile, political analysts

obsessed with "Al Saud watch-Average Saudi oil export ing are searching for signs of a power struggle within the royal family. Allocations of surplus revenue require a decision by King Fahd at a time when Crown Prince Abdullah has taken up much of the day to day business. Prince Sultan, the defence minister, is also intimately involved in decision making. According to Mr Kevin Taecker, chief economist for

the Saudi American Bank in

Riyadh, possible priorities for

spending the surplus revenue

include expanding the military,

accelerating payments to con-

Opec oil price index*

1995

tractors for past work, retiring debt, giving more to government workers, helping with payments owed by government companies and early payments on military and civil aviation programmes. Mr Taecker says that the may have already gone army adequately equipped.

most effective way to use the funds is to put money in the bands of the private sector and increase consumers' buying power to stimulate growth. Settling payments to contractors and giving one off extra pay to government workers whose salaries have been frozen for years would go some ways to achieving these goals.

Security concerns, however, could take priority this year. Some economists are estimating an increase of 10 per cent defence spending to strengthen security in military installations in light of the

chase new tanks, and prepay-

ments for US arms purchases

Saudi Arabia's defence budget accounts for about 15 per cent of GDP, the highest in the world. Prince Sultan is seeking to build up the army and pur-

generally favours keeping a tight lid on spending. But the Saudi National Guard, the largely Bedouin force headed by the Crown Prince which looks after internal security and acts as a counterweight to the army, is believed to want to buy a large number of armoured vehicles. Defence spending is one of

two areas increasingly viewed with suspicion in business circles. The other is the estimated SR30bn in stipends distributed yearly to about 5,000 Saudi princes. Saudi businessmen argue that Saudi Arabia would not be able to defend itself against an aggressor and will seek outside help, so all it needs is a viable deterrent. They estimate that the air force is already well trained and both the air force and the

have \$60m investment fund

By Joel Kibazo in London

The Commonwealth is launching a \$60m fund to invest in newly privatised companies and growing private companies in Africa.

The Africa Fund, to be launched by South Africa's President Nelson Mandela in London today, is the first in a planned series of regional investment funds to be estab-lished under the umbrella of the Commonwealth Private Investment Initiative. The initiative was first discussed at last year's meeting of Commonwealth finance ministers. Plans for similar funds for the Indian sub-continent, Pacific islands and the Caribbean are

under way.

The new fund is to be run by the Commonwealth Development Corporation (CDC), the UK's official development finance institution, which provided the seed capital of \$25m. The rest of the money was raised from third world Commonwealth countries including Singapore, Malaysia, South Africa, Zimbabwe and Bot-

Management buy-outs will be considered as well as investments in privatised companies and in small and medium-sized private businesses. Initial investments are likely to be about \$3m and the corporation will rely on its 12 offices in Africa to look into companies in which it intends to invest.

Mr Robert Binyon, managing director of CDC financial markets, said all investments would be on a "sound commercial basis". He added: "The Commonwealth is often only seen as a talking shop. But it needs to have a positive undercurrent of things going on such as this. The long-term objective is to act as a catalyst and attract other investors to Africa, especially those who may not have thought of

investing in Africa without a fund such as this in existence." CDC said it had a target of around 20 per cent of internal rates of return for the fund and indicated plans to tap international financial markets to increase it once the initial capiINTERNATIONAL NEWS DIGEST

Loans for Aids vaccines urged



Developing countries should take out World Bank loans to pay drugs companies for vaccines against HIV and Aids, said the head of a new international pressure group, the International Aids Vaccine Initiative. Dr Seth Berkley, IAVI's chairman, said that the costs of treating Aids victims was so high that corrowing to pay for vaccines would still leave a developing

country better off. "Seventy per cent of teaching hospital beds in Uganda are taken up by Aids patients," he said at the Eleventh International Conference on Aids in Vancouver, Canada. IAVI's directors include African, Asian and Americans. It is backed by the New York-based charitable Rockefeller Foundation, where Dr Berkley is associate director

The offer of hard currency payments by developing countries would create a market for an HIV vaccine where there was none now, said Dr Berkley. Dr Berkley said IAVI had already had talks with the World Bank and outlined a had already had takes with the world bank and outlined a plan for 10 developing countries each to take a \$100m line of credit. He said that global annual spending on HIV/Aids was about \$10bn a year, of which two-thirds was on prevention and treatment. Of the \$2bn spent in research and development. less than 7 per cent was on vaccines. Daniel Green, Vancoune Technology, Page 8

HIV drugs yet to be exploited

There are at least 12 classes of drug that could stop HIV, the Aids virus, of which only two have so far been exploited, said Dr Didier Trono, of San Diego's Salk Institute for Biological Studies, at the Vancouver Aids conference yesterday.

He said that at least 14 proteins had been identified as essential to the life cycle of HIV. The drugs already on the market, and which have proved promising when taken together, attack only two: protease and reverse transcriptise.

"Some of the treatments discovered through such research [could] be non-toxic, easy to administer and, most importantly, inexpensive," said Dr Trono.

Daniel Green Niger general 'stages coup'

Political parties in Niger yesterday accused the west African country's military leader of staging a second coup d'etat as the results of two days of voting cast him as outright winner of presidential polls. A new National Electoral Commission, appointed on Monday after General Ibrahim Bare Mainassara suspended the previous one, gave him 52.22 per cent of the vote. General Mainassara's nearest rival Mr Mahamane Ousmane - the

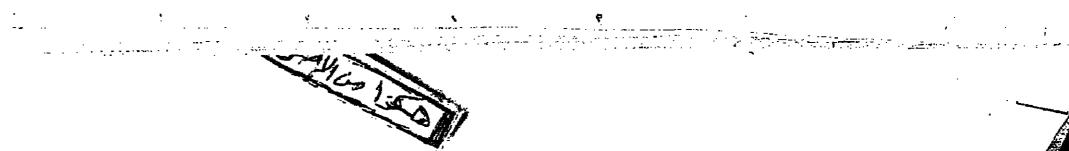
100

civilian president ousted in a January putsch, notched only 19.75 per cent. Outside observers are unlikely to judge the poll free and fair with voters unable to find their names on lists and soldiers surrounding opposition candidates' homes and snatching ballot boxes from polling stations. Michela Wrong, Nairobi

Mubarak to visit Turkey

Mr Hosni Mubarak, Egypt's president, is due in Ankara today on a one-day visit. He is the first foreign head of state to visit Mr Necmettin Erbakan since Turkey's first Islamic prime minister was appointed two weeks ago.

Mr Mubarak is expected to encourage Mr Erbakan's stated aim of improving Turkey's relations with the Arab world, strained by a military co-operation agreement with Israel in



links with can ally

new company

new logo

new colour

new name

new ideas

Litear Rediction of the Bullion of t

Europe, Middle Bast & Abress Tel. +44 1794 324 255

We make the things that make communic actions was

ans for Aid cines urga

(The former network systems, business communications systems and microelectronics divisions of AT&T, powered by Bell Labs R&D: still the largest supplier of telecommunications systems in the world). Call our European Response Centre on +44 1734 324 255. Or explore Lucent Technologies on the World Wide Web at http://www.lucent.com

©1996 Lucent Technologies.

in New Delhi

India's five-week-old United Front government ran into an immediate barrage of protest at yesterday's opening of parliament from Congress party and Bharatiya Janata party MPs over last week's rise in administered fuel prices.

Congress MPs, on whose support the 13-party coalition government depends, held up the

session's opening by 15 min-utes, demanding a review of the petrol, diesel and cooking gas price increases. The UF government raised prices by 25-30 per cent last week, later trimming the diesel price rise to 15 per cent after earlier protests from unions, leftist perties, state chief ministers and even members of the coalition.

Congress leaders have said although they would oppose the "anti-people" fuel price

rises, they would still give overall support to the coali-

Nevertheless, the "monsoon" session of the newly elected parliament is expected to be a severe test of leadership for the prime minister, Mr H.D. Deve Gowda, whose coalition has already been rocked by rows over cabinet jobs. Internal rows have already twice forced Mr Gowda to expand his cabinet, while Mr Mohammed Tas-

limuddin quit as minister of the Congress party, its other state for home affairs on Tues-chief pillar of support. Mr P.V. state for home affairs on Tues-day after the BJP threatened to raise allegations of criminal charges against him.

Mr Gowda must also contend with suspicion within the Communist Party (Marxist) which also supports the UF from outside - over the government's economic policy intentions, and with a forthcoming series of corruption cases implicating members of

Narisimha Rao, Congress leader, was this week summoned to appear before a Delhi court on July 24 to answer charges of complicity in the alleged swindling of a London-

The toughest task may prove winning passage of the UF's first budget, which Mr P. Chi-dambaram, finance minister, is

trickier given the unprecedented inexperience of the MPs elected in the April-May poll. About half the 545 MPs are new to the Lok Sabha, the lower house, and nearly a third have held no representative office at any level. Classes on parliamentary etiquette and procedure are to begin for neo-phyte MPs this weekend.

Maharashtra Survey, Separate

Mr Rao, meanwhile, is also under investigation by the CBI in a case alleging that four MPs from a minority party received bribes in 1993 to vote for Congress in a tight confidence motion.

though, are Chandraswami's greying locks and flowing robes on Mr Kash-

his date of birth was August

19, 1932, as shown in the offi-

cial biography published up

after last year's election. But

his house registration docu-ments for 1972 and 1979 and

the 1995 directory of MPs,

shows his birthday as falling

on July 20, 1932. Mr Somsak

Prissana-nanthakul, a govern-

ment spokesman, said the

change was common practice

in Thailand because the Bud-

dhist calendar differed from

ASIA-PACIFIC NEWS DIGEST

Burma hints at Suu Kyi exile

Burma's military government has suggested, for the first time, that if democracy leader Ms Aung San Sun Kyi were to rethe from politics and leave the country, relations between Burma and the west would improve and a domestic political dialogu could be initiated. The idea, raised in a commentary published in state-run newspapers, reflects a growing belief among analysts that the military junta is looking for a way to defuse a tense domestic and international situation without having to engage Ms Suu Kyi directly.

The official commentary was published on the first anniversary of Ms Suu Kyi's release from nearly six years of house arrest. At the time of her release one year ago, military leaders asked her to help foster national reconciliation but: have since refused her repeated calls for dialogue, saying that her peaceful activities but strong criticism are those of a "destructionist". Ms Suu Kyi has said that she does not have any preconditions for dialogue - and some within the opposition movement are urging her to take a lower profile in order to lure the military into talks – but that she will not

Malaysian trade deficit surprise Malaysia recorded a surprise trade deficit in April after exports fell by more than imports. Economists, many of whom

had expected a surplus, said the deficit could signal that government measures to cool the economy were starting to take effect. April's deficit was M\$265m (US\$106m), compared with a surplus of M\$524m in March, the national Bernama news agency said. For the first four months of the year the trade deficit was M\$1.6bn compared to M\$2.1bn in 1995. Malaysia's trade balance is one of its most closely watched

economic indicators. The country's current account deficit last year of M\$17.8bn, or 8.8 per cent of gross national product, was seen by some as an alarming sign that the country is spending beyond its means. In April, imports fell 8.0 per cent to M\$16.24bn from M\$17.66bn in March, while exports dropped 12 per cent to M\$15.98bm from M\$18.18bm. The drop in exports was partly because of a slowdown in worldwide demand for electronics goods, of which Malaysia is a significant

Lake's China visit cut short

Mr Anthony Lake, US national security adviser, yesterday cut short his visit to China after poor weather conditions forced him to cancel a trip to Shanghai. Mr Lake was scheduled to travel to the city yesterday, to discuss Taiwan with the chairman of the semi-official Association for Relations across the Taiwan Strait. The US embassy in Beijing said weather conditions in Shanghai had forced him to cancel the trip. The tone of talks between Lake and top Chinese officials in his four-day visit to China was upbeat, with both sides agreeing that while there will continue to be differences between the two countries, maintaining dialogue and exchanges at various levels could play an important part in keeping often stormy bilateral relations more stable. An exchange of state visits between the two presidents now seems likely – though not Sophie Roell, Beijing

Guangdong boost for companies

Guangdong authorities have completed drafting a series of preferential policies to be extended to the region's strongest companies, according to officials in the southern Chinese province. The benefits, which are expected to be made available to about 70 companies, include favourable treatment in terms of tax, fund-raising, investment and foreign trade. The aim is to create powerful groups to spearhead the province's development and to rescue weaker companies;

"Officials in Guangdong, one of China's most dynamic economic areas, indicated that selected companies will be

given priority in offering and listing shares and in issuing corporate debt. The authorities declined to comment on which companies would be included. However, they are expected to include several listed companies, including Shenzhen Konka

Adventurous life of Rao's 'god man'

Mark Nicholson reports on the rise and fall of the colourful Chandraswami

riches story of Chandraswami, self-styled Indian guru to movie stars, tycoons, kings and sul-tans and, as of this week, co-accused in a Delhi swindling trial with Mr P.V. Narasimha Rao, former prime minister, has for two decades read as fantastically as fiction.

But today, as Chandraswami traipses dejectedly between Delhi's Tihar jail and a court where he faces charges of defrauding a London-based businessman of \$100,000, his tale is one of decline and fall - a decline Indian commentators see as inextricably bound with that of the Congress party Mr Rao led into an historically poor electoral defeat in

"His fall is emblematic of the decline of Congress, because men like him have always thrived in what you could call 'Congress culture'," says Mr Suntl Sethi, a newspaper columnist and journalist who has long charted the murky career of India's most flamboyant "god man". His career began 47 years ago in an

The rags-to-holy robes and obscure north Indian village, from where the young and ambitious Mr Nemi Chand Jain plotted himself a course in his early teens which took him into Congress party politics in Andhra Pradesh, where Mr Rao was a state political leader.

His path reputedly took him wan-dering through the lowland Himalayan forests in search of spiritual enlightenment before Mr Jain rerged saffron-robed in the 1970s as Chandraswami, soothsaying mystic and increasingly well plugged-in political power broker.

The 1970s found Chandraswami crisscrossing the globe, claiming to be the "spiritual brother" of Indira Gandhi, then prime minister, and sociating with the likes of Ms Elizabeth Taylor, the film star, Mr Adnan Kashoggi, the Saudi arms dealer, or the Sultan of Brunei.

Since the 1980s the Indian media began linking the bearded swami, whose base is an opulent three-storey. pink marble ashram in Delhi, with a series of political and financial

But few media allegations stuck to Chandraswami. He was initially arrested in 1988 on charges of defrauding Mr Lakhubhai Pathak, the London-based foods executive, who then alleged the "god man" duped him into paying \$100,000 to secure newsprint and paper contracts. However, Chandraswami was released a week later and investigations dragged on until this May, when the swami and an were finally arrested on the

t was during the hearing of the case this week that Mr Pathak's allegation of Mr Rao's involvement promoted Mr Prem Kumar, the presiding judge, to summons the former prime minister. If found guilty, both men face jail terms of seven vears, though lawyers say the case against Mr Rao may prove thin. But their joint appearance in a Delhi court would embarrass Mr Rao and Congress, and give ammunition

to opposition parties which allege his

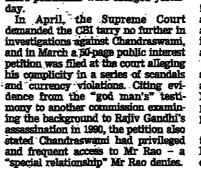
involvement in other corruption

cases, and strengthen those within

The flurry of cases stems in part from the increasing activism of India's Supreme Court, which in January was the driving force behind bringing to prosecution a political bribes affair which had lain mouldering in the files of the Central Bureau of investigation for five years. Twenty-five senior politicians, including seven ex-Congress ministers, have been charged in the affair. Three more politicians were charged yester-

the party pressing to depose the 75-year-old leader.

demanded the CBI tarry no further in investigations against Chandraswami. and in March a 50 page public interest petition was filed at the court alleging his complicity in a series of scandals and currency violations. Citing evidence from the "god man's" testimony to another commission examining the background to Rajiv Gandhi's ssination in 1990, the petition also stated Chandraswami had privileged





Whether the CBI's greater freedom and the Supreme Court's added zeal amount to a lasting cleansing of Indian politics, or merely a licence to proceed against those now out of power, remains to be seen.

What is most unlikely to be seen

Experts in Chinese fengshui have been called in to help Banharn Silpa-archa assert his authority

Geomancers guide Thai PM on office furniture

By William Barnes in Bangkok

Having reshuffled his cabinet several times. Mr Banharn Silpa-archa, Thailand's prime minister, has taken the more drastic step of rearranging his office furniture in the hope of ensuring his political longevity. The embattled prime minister called in geomancers, experts in fengshui, who

FEVANCIAL TIMES

Financial Publishing

advised him that the office furniture was in an inauspicious position and helping to undermine his ability to assert authority over his fractious seven-party coalition.

Mr Banharn was told to move his desk because it faced east - a word which in Thai can also mean "out". That prospect eased this week when the Prachakorn Thai party

FINANCE

EUROPE

FINANCE EAST EUROPE reports twice-monthly

on investment, finance and banking in the emerging

market economies of Central and Eastern Europe and the European republics of the former Soviet Union.

As a subscriber to FINANCE EAST EUROPE

you will be kept abreast of:

Privatisation and restructuring of the regions' state

enterprises into efficient, market-driven businesses.

The developments within the commercial

banking sector.

Corporate investment in the whole region - joint

ventures, acquisitions and investment.

· Portfolio investment activity in the 'fast-track'

countries of Central Europe.

• The development and performance of domestic

equities and debt markets in the countries concerned.

• The activities of the EBRD, the IMF and the World

Bank as well as Western commercial banks present in

the area.

To receive a FREE sample copy contact:

Charlotte Green

FT Financial Publishing.

Maple House, 149 Tottenham Court Road,

London WIP 9LL, UK

Tel: +44 (0) 171 896 2314 Fax: +44 (0) 171 896 2319

rejoined Mr Banharn's coalition, restoring his 78-seat majority in parliament before a censure motion expected later this month.

The prime minister, who is ethnic Chinese, is not the only That to turn to the traditional forces. Fengshui experts have noticed that a branch of southeast Asia's biggest bank, the Bangkok Bank, is situated

opposite the capital's main to fengshui after a series of setbacks prompted political railway station, Hua Lamphong. The bank is situated in line with a dozen railway tracks and roads, which lead to it and are believed to channel evil forces into the building. Experts in fengshui say the solution is to build a bank in the shape of a dragon - a powerful barrier against evil luck.

FUTURES AND OPTIONS TRADING

Clearing and Execution Service 24 hrs
Contact: Denomi Dunn

Tel: + 44 171 329 3030

BMAIL UNION CAL: 72160.25140 Computerne Com.

*P*Market-Eye

FREEPHONE 0600 321 321 FAX 0171 398 1001

KNIGHT-RIDDER'S FUTURES MARKET DATAKIT FROM \$570

WANT TO KNOW A SECRET?

The LD.S. Gann Seminar will show you how the markets REALLY

work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret.

Book your FREE place. Phone 0171 588 5858.

ntion: No Seather Volds, 76 Floot Steed, Lauton ECGY 1817, Tel; +44 (D) 171 542 4040

PHILLIP VIII V VNDER

SECURITIES AND FUTURES LIMITED

FAX 0171 417 9719

Margined FOREX Disclosed Commission

the rate you get

For more information on Signal, call

Fax: + 44 171 329 3919

RERKELEY FUTURES LIMITE

\$8 DOVER STREET, LONDON WIX 3RB TEL: 9171 629 1133 EAX: 0171 495 0022

Futures & Options

PHILIP ALL VANDER

SECURITIES AND PUTURES LIMITED

\$32 ROUND TURN

observers to speculate on his political demise after only a year in office. Mr Banharn has lost a finance minister, the hose of the country's Securities Exchange Commission and, last week, the head of the central bank resigned under a Mr Banharn does observe se superstitions, but in a

The prime minister turned

Buddhist country, the prime minister, like his That predecessors, has also built up his merit with regular gifts to Buddhist monks. Sandari acknowledges, any ministers Mr Prem Tinsulan lack is welcome. The premier onda and Mr Anand Panyara-

recently had to confirm that

the Gregorian one.

He dishifsed as monsensical" widespread suggestions the premier wanted to change his star sign to Leo to match

Electronics, Shenzhen Petrochemicals and Zhuhai Lizhu Pharmaceutical Group.

Ramos government puts state sell-off at 'heart of its vision'

hen the Philippine government's government's priva-tisation drive got going in 1992 critics accused it of "selling off the family silver" to stem the growing bud-get deficit. As privatisation approaches a new and more radical phase and with the budget deficit problem now closer to being resolved, those critics are more likely to point to ideological motives behind

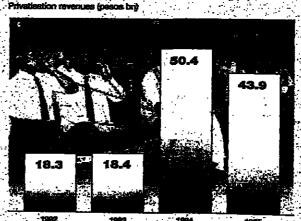
the drive. With most of the Philippine state's industrial assets already sold off to the private sector, officials are searching for less obvious candidates. Mr Roberto de Ocampo, secretary of state for finance, says it is ential to keep the momentum going.
"Privatisation and the spread

of share ownership is at the heart of this government's vision," said Mr de Ocampo. We believe that as much of the state sector as possible -including some aspects of health and education services should be in private hands." The Philippine National Bank the National Steel Corporation, government military lands, Philippine Airlines, the state oil company and the Philippine Long Distance Telephone Company have already been sold off. Now the government is having to delve deeper. Known as the "third wave" of privatisation, the next enterprises targeted for auction include state pensions and government social security funds,

say officials. Before then, however, the second wave must run its full course. The two remaining big ticket items - the National Power Corporation (Napocor) and the Manila water system - are due to be sold off early next year. Revenues from the sale of Napocor's power generation facilities will come to an estimated \$4bn to \$5bn once the divestment is completed. This will make it the Philipnines' largest privatisation by

Under the guidance of N.M.

Once a solution to deficit problems, privatisation is now a policy commitment, writes Edward Luce Philippines: the sell-off goes on In both the power and water privatisations, though, the win-ning bidders will be required to



Rothschild - which advised on British electricity privatisation in Britain in the late 1980s and Merrill Lynch, the US investment bank, Napocor is drawing up the formula for its divestment next year. "The basic objective is to get a level and competitive playing field in the Philippine power sec-tor," said Mr Peter Bird, direc-

tor of N.M. Rothschild. Officials at Napocor, who estimate that most of the proceeds will be used to upgrade the country's transmission lines and create a national grid linking most of the archipela-go's 7,000 islands by submarine cable, say that at first only Napocor's generation facilities will be sold off. These include coal, gas, geothermal and oilfired power stations. Foreign companies will be able to bid for up to 100 per cent owner-

Overseas companies operating existing power plants under the government's buildoperate-transfer (BOT) law notably the power subsidiary of Hopewell Holdings, owned

by Mr Gordon Wu of Hong Kong, which is credited with ending Manila's "brownout" electricity crisis in 1993 - will be able to renegotiate their contracts. One option would be to shift to a build-operate-own (BOO) contract.
Broadly speaking, the state

would retain control of a national transmission authority while generation would go to the private sector. Electricity distribution has already been privatised. All that remains is for a regulatory structure to be set up.

"We are very aware that the Philippines has no fair trade or monopolies and merger author-ity yet," said Mr Fernando Roxas, chief of privatisation at

Napocor.
"What we are hoping is that congress will set up a sole regulatory body with the power to set a cap on price increases and prevent anti-competitive concentration of ownership," The other bulk privatisation, the Manila water and sewerage system, will bring less of a windfall for the state coffers.

left for the state apart from regulation? President Fidel Ramos, whose term ends in 1998, says his administration's objective is to focus public spending on

the victims of market failure. More than a third of the country's 68m people subsist below the poverty line Once a new tax system is in

return 10 per cent of equity to

employees in company share ownership plans. And in both sectors, the pri-

vatised companies will be

required to list on the stock

market within a specified period, in pursuit of the gov-ernment's aim of wider share

ownership.

Following a model developed in Buenos Aires, the Manila

water system will be divided

into two concession areas and contracted out to the most via-

ble bidders. Bidders - so far

five foreign companies, mainly French and British, are prepar-ing documents - will be

required to invest about \$3bm

in each area to upgrade the

25-year concession. The con-

February next year.

distribution network over the

"We are not actually taking

proceeds from the water priva-tisation," said Mr Angel

Lazaro, head of Manila Water.

But we are saving the tax-

payer \$60n of public expendi-

Once Napocur and Manila's

ture over the next 25 years."

place - designed to increase budget revenues as proceeds from privatisation taper off the government promises to step up spending on schools and hospitals for the poorest. Cash generated from the "third wave" of privatisation will also contribute to anti-poverty

LEGAL NOTICES LITTAND TRUCKS (REALISATIONS) LIMITED (Formerly LETLAND TRUCKS LIMITED) (M. ADMINIST CAPTE persons to Section 16 of the instituty ACT 15th that a determing of Condition of the above usual Company and the least at the Count left that, then Consumpt disease, Count Captern Steel, London WCC3 35th to 20 bits 1746 at 1525mm for the purposes mentioned as Section 16 of the 16 of the County Count of the purposes mentioned as LEYLAND DAF INTERNATIONAL DAF INTERNATIONAL LIMITED heed July 5 1996 MICHE IN CHIDED **CONTRACTS & TENDERS** A.N.M. Azienda Napoletana Mobilità NOTICE OF EXTENSION Re: Open tenders for the supply of 200 urban buses Notice published in the Official Gazette of the European Community S90/207 of 10.5.98 and in the Official Gazette of the Italian Republic no.

in the notice of call for bids.

FUTURES -TAX FREE 0171 896 0011 OFFSHORE COMPANIES HAND IN 1975 OCTA has 20 offices world with and 763 teachy-made continuous available. For 763 page FFEE colors (specture content.)

BLE OF MAN: 5 MILPORT, CA: 704-44 MIN \$10544 Fine +44 TERK \$10027 Fine +445 TERK \$10027 Fine +455 TERK \$10027 Petroleum Argus Daily Oil Price Reports Petroleum Argus ures, Options of Currencles fired excess to exchange floors Tel: 0171 702 1991 Fax: 0171 480 6113 116 df 20.5.96. Notice is hereby given that the deadline for the presentation of offers, previously set for 1p.m. on 9th July 1996, has been extended to 1 p.m. Signal on 24th July 1996. Over 90,000 issues → News headlines The contest will be carried out on 25th July with the same procedures as

The General Manager

(Dr. Ing. A. Ranieri)

Minister Man Barton Report of the Po-**Ca Tiglio and Clarker de 1920 f**ile. Read to the Figure 1 at 1

415.74 12.34

F4 -

₹1> ~

1.

. ...

2.5

2.57

er -

5____

250000000

Lung and the second Tr. Williams **is**alar State of the second ELL ELL ... Const. No. 1 Mine of the second Harman and the same But Address All War Bright Selection parabil

Banks s overseas

di banks' ner of the party of th tracts will be completed by the tall reduced to the the order of the second of the But printing 15: 415 the later than the same of the finding that the same of th

water network are in private hands, will there be anything property of the formation of the property of t Tan (marifules : marin Independent of the control of the co

de logi letal i di ingen and logi letal i di

world-class."

ream water deficit up

Chiefe visit out show

district thread but comes

1 pulls sta

115 11810

Joint venture component manufacturing operations will create up to 500 jobs | Urgent'

Honda announces £80m expansion

By John Griffiths in London



Carmaker Honda and Unipart, the vehicle parts and accessories group formerly owned by Rover Group, are to set up three joint component manufacturing companies in the UK.

Together with a fourth joint venture also being planned between Unipart and Kautex, the German plastics group, they will create 400-500 jobs and involve total investment of £80m (\$124m). Honda, currently producing 100,000

cars a year at its Swindon plant in south-west England, and Unipart headquartered at nearby Oxford announced the projects last night.

The Japanese company is also studying the prospect for further expansion of its Swindon plant over and above a Unipart Yachiyo Technology, which

cars a year already planned for 1998. Like Nissan, it is considering a third model for the Swindon facility - in addition to the Civic and Accord.

Unipart's group chief executive, Mr John Neill, said the ventures made it increasingly clear that the UK had the potential to become "the enterprise centre of Europe". But he coupled the statement with a warning that the UK's attractiveness as a centre for foreign inward investment would be sharply reduced if the UK were finally forced to adopt the European Union's social chapter. "Put bluntly, if we'd already been signed up I don't think Honda and our other Japanese partners would have taken these projects on."

The three new joint companies

will manufacture pressed steel body components and sunroof assemblies.

Unipart Yutaka Systems, a venture class components manufacturing group. with both Honda and Japanese components group Yutaka Giken, to make exhausts, catalytic converters and chas-

 Unipart Yanagawa Engineering, in which Japanese parts group Yanagawa Selki is also a partner and which wili produce gearbox components.

The venture with Kantex UK will involve building a new factory to produce plastic fuel tanks for Honda and other UK-based vehicle makers. While most of the new ventures' output will go to Honda's Swindon assembly lines and to Unipart's other principal components customer, Rover Group, Honda is actively encouraging Unipart to find business for the ventures among its carmaking rivals in Europe. For Unipart, the ventures represent class components manufacturing group. It spent several years in the late 1980s persuading Honda that it could meet Honda's cost and quality standards as a supplier. Mr Neill said: "We deliberately chose Honda as a manufacturer from whom we could learn how to become

Mr Kentaro Kato, managing director of Honda's UK manufacturing subsidiary, said yesterday the new ventures were a demonstration of Honda's "fundamental commitment to establishing long-term relationships with our suppliers; that commitment goes far beyond

Unipart, which employs about 4,000 and had a turnover of £850m last year, is the single largest shareholder in the Japanese partnership ventures, with a stake of 48 per cent in each.

beef cut measures called for By Neil Buckley in Brussels

He also criticised beef trad-

in beef prices experienced by producers. Commission offi cials said retail beef prices should be between 8 per cent and 14 per cent lower in many countries, which could help rekindle consumer demand.

Mr Klaus Hänsch, the presi-

ment, has written to Mr Jacques Santer, Commission president, calling for the Commission to make a statement on the crisis to next week's parliamentary session in Strasbourg.

The UK government

expects the European court to rule in favour of a partial lift-

relaxation in the ban to third countries which can't export back to the EU," said Mr Douglas Hogg, the UK agriculture minister. That would open up exports to 70 coun-

Mr Nik Askaroff, the managing director of ADM, one of the UK's biggest exporters. said business to those countries was worth between £150m (\$232m) and £200m a year, out of an export total of quite a good thing because a number of African countries will buy on price, but it will take a very long time for trade

UK NEWS DIGEST

fighters and the police.

IN NUCLEAR PRIVATISATION

Strike bans to

be considered

in the governing Conservative party's election manifesto. The

Royal Mail and which threatens British Airways. Mr Ian Lang,

trade and industry secretary, is keen to press ahead with the

had "no current plans to outlaw strikes in essential services

idea, although Downing Street said last night the government

through primary legislation". Conservative Central Office said the issue was being "kept under review". Workers who might be covered by such a strike ban could

include those in the transport gas, water and electricity indus-

Robert Taylor, London

tries, as well as doctors, nurses and ambulance workers, fire-

Small investors may get up to 50 per cent or more of the Brit-ish Energy privatisation, it emerged yesterday after the offer to small investors closed well oversubscribed. The UK

government had allocated 30 per cent of the nuclear power company for small investors. But these investors applied for

more than twice that amount. Estimates compiled after the

close of the offer suggested that there were more than 520,000 applications for about 380m of the 610m shares on offer. Final

operates eight nuclear power stations in the UK, is not expected to report sufficient profits to cover the first year's dividend.

Simon Holberton, London

Pub company seeks new deal

Inntrepreneur Pub Company, the UK's largest pub chain outside brewery ownership, is seeking permission from the Office of Fair Trading to drop undertakings it made five years

ago to help preserve competition. Some brewers are likely to lobby hard against Inntrepreneur, fearing that OFT approval will give the chain massive buying power. Its 2,900 pulse equal nearly 9 per cent of British pubs outside of brewery owner-

Development contest launched

Standing on the roof of his

John Gummer (left), the UK

environment secretary,

department's headquarters, Mr

described the 19-storey building

yesterday as "the most discour-

teous and rude" in central London. Few would disagree with

this harsh assessment of 2

Marsham Street, which has

dominated the skyline since it

was built in the late 1960s. Mr

architectural competition for a

new development to replace the

are already crumbling. He will

be one of 12 competition judges,

Simon London, London

three concrete towers, which

Gummer was launching an

figures are expected today. The level of retail investor support surprised some analysts especially as British Energy, which

British Energy offer popular

controversial proposal is being considered in response to the industrial unrest which has hit London Underground and

cut beef production in the European Union and "rebal-ance" the beef market in the wake of the mad cow crisis, Mr Franz Fischler, EU agriculture commissioner, warned

ers and retailers for failing to pass on to consumers the fall Speaking in Brussels to the

EU's economic and social com-mittee, Mr Fischler said the four-month-old BSE crisis had led to an 11 per cent decline in beef consumption, and beef stocks bought by the Commission to support the market likely to reach 600,000 tonnes by the end of the year. He warned that such market

intervention could never be a substitute for consumer demand, and there was a danger of intervention stocks overhanging and depressing the market. The EU can no longer sell beef stocks cheaply into the world market - a wide spread practice in the 1980s because of new rules restricting export subsidies.

Without "radical and immediate action" to rebuild consumer confidence and rebalance supply and demand, the jobs of millions of producers could be at risk.

Commission officials are thought to be considering a number of adjustments to the beef market, including reexamining premium rates for alves sent for slaughter and lowering weight limits for animals bought into intervention by the Commission.

Mr Fischler's warnings came amid mounting criticism of the Commission's handling of the crisis.

dent of the European Parlia-

ing of the worldwide ban on British beef today. "We are optimistic of a

tries which previously imported British beef.

In the short term ministers

bave made clear that the RUC

chief constable and his deputy

have their full backing and complete autonomy. "This is a

law-and-order issue," said a cabinet member. "Political

compromise does not come

The broader task is to ensure

that voices of moderation are

not drowned out. The

multi-party talks in Belfast are

in danger of petering out, their reason for existence under-

mined by the IRA's refusal to

restore its ceasefire and union-

ist antipathy towards Mr George Mitchell, the former US

Mr David Trimble, leader of

marching season, culminating

LG says decision went further than just grants

Koreans' Welsh deal highlights battle for investment

By Stefan Wagstyl in London, John Burton in Secul and Roland Adburgham in Cardiff

here were other considerations, besides grants," says Mr Koo Cha-Hong, pesident of the LG Group, the South Korean conglomerate which has LG sees the scheme as the announced plans to build a launch of an ambitious pro-£1.7bn (\$2.6bn) electronics complex in South Wales.

But grants certainly seem to have played an important role in the company's decision to choose Wales. British government officials who observed the negotiations said the South Korean group exploited differences among the regions competing for the project to get the best possible deal. They said: "LG played it for all it was

There is no suggestion that there was anything untoward in the behaviour of LG or of the Welsh Office and the Welsh Development Agency, which are giving LG up to £200m in aid. But the claims and counter-claims about the size of the award highlight how intense battles for inward investment

When British officials first heard of LG's plans last year,

terday are for two factories: a microchip plant to be built by LG Semicon, the group's semiconductor maker, employing 1,700, and a consumer electronics plant making television components and televisions which will create up to 4,400

gramme to increase sales from \$64bn last year to \$385bm in 2005, with overseas turnover rising from 20 per cent to 50 per cent of the total.

LG, the third largest Korean conglomerate, believes overseas growth is the solution to the problems afflicting all Korean conglomerates, including a stagnant home market, rising domestic wage costs and the threat of trade protectionism. Although Asia remains the favourite destination for Kor-

ean investment. Europe has

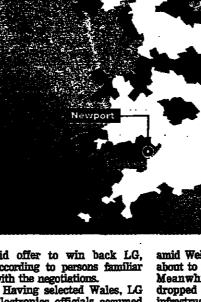
emerged recently as a new magnet for Korean factories as trade booms between Seoul and the European Union. LG was an early pioneer in Europe, having established a VCR plant in Germany in 1986 followed by a microwave oven and television factory in north east England in 1988.

In Europe, the UK was always a first-choice. Although. complained about growing wage costs. LG has increasingly preferred the UK because of lower wage costs, lower taxes, open economy and the English language, which is extensively taught in Korea. Having decided on the UK, LG focused on the regions.

Wales, Scotland and northern England got priority because they include most areas where maximum grants are available. northern England was ruled out early because there was insufficient land by LG's existing plant. Also, LG did not want to compete head-to-head with Samsung, which had just opened a £450m consumer electronics complex at Wynyard Park in north-east England.

Three factors seem to have given Wales a lead over Scotland - good early rapport with Welsh officials, the relative closeness of Wales to London, and the presence in Wales of a key potential supplier - Ocean Technical Glass, a Japanese-German joint venture in Cardiff, making high-tech glass

But discussions with the Welsh apparently ran into trouble since LG in early 1996 was talking about locating in -western or central England. size. The plans announced yes- Germany had been LG's origi- The WDA then increased its retary, flew to South Korea and Scotland Wales won."



aid offer to win back LG, according to persons familiar with the negotiations. Electronics officials assumed

LG Semicon, its 56-per-cent owned subsidiary, would follow. But as late as May, when the BBC first reported LG's plans, LG Semicon was still proposing a separate plant in Scotland or Ireland. Mr Michael Forsyth, the Scottish sec-

amid Weish fears that he was about to poach the chip plant. Meanwhile, Ireland was dropped by LG for lack of infrastructure.

But the LG head office intervened to bring the two schemes to one site to save costs. Mr Koo Cha-hong, LG president, denied there were deep divisions between the two subsidiaries. "We sat down and compared the merits of Wales

Ministers deny over-generous financial aid

By John Burton, Roland Adburgham, Chris Tighe and Stefan Wagstyl

The British government yesterday denied that the grants of up to £200m given to the LG group for its £1.7bn investment in Wales were too generous.

Mr William Hague, the Welsh secre-

tary, said the support was within guidelines set down by the Treasury and by the European Commission, which monitors aid across the EU for evidence of unfair subsidies. The package is the biggest ever offered to an inward investor

Mr Hague was speaking in Seoul, Korea, where Mr Koo Cha-Hong, the LG president, yesterday confirmed plans to build an electronics complex with 6,100 jobs in Newport, south Wales, including

semiconductor and consumer electronics plants. Mr Hague denied that British regions

had engaged in a bidding war for the project, which also attracted keen interest in Scotland and northern England. Mr Hague's comments were echoed in London by Mr Tim Eggar, the industry minister, who said that the British system in which regions compete for inward investment schemes worked very well. The proof lay in its success in bringing jobs to Britain, he said.

But some Whitehall officials expressed concern that the lack of a strong central authority for inward investment undermined efforts to coordinate British efforts. One official familiar with the LG negotiations said: "The behaviour of the regional authori-

ties just encourages the Korean response [of playing regions off against each other! It was always competitive but it has become much worse." The Department of Trade and Indus-

try has an inward investment agency the Invest in Britain Bureau - but it has less experience and fewer resources than the well-financed Welsh Development Agency and Scottish Enterprise. Inward investment officials in the English regions complain that they find

it difficult to compete with Wales and Scotland, which as well as having more funds for inward investment promotion, have their own cabinet ministers to speak for them in government and to meet potential investors. Mrs Jo Chexal, director of interna-

tional marketing for the Northern pean regions.

Development Company, the north's eco-nomic development agency, said yesterday that Wales and Scotland had built-in advantages over the English regions. Welsh officials denied they had an unfair advantage saying that every large investment had to be approved at cabinet level. Also it had to meet EU guidelines - or risk being declared ille-

The grant given LG is the equivalent of about £30,000 a job, which is considerably more than than awarded to most other investors, including the £16,000-£17,000 granted to Siemens, the German group, which is building a semiconduc tor plant in north-east England. However, these awards pale in comparison with those paid in other Euro-

■ MOBILE PHONES

■ PROPERTY

Orange defeats rival in court

along with Mr Michael Heseltine, the deputy prime minister,

and representatives from the property industry and commu-

Orange, the mobile phone operator, yesterday claimed a comprehensive victory over Vodafone, its larger rival, after a High Court judge threw out allegations that the smaller company made false claims in a £10m (\$15.5m) advertising campaign. Mr Justice Jacob dismissed Vodafone's action - for malicious falsehood and infringement of trademark - and awarded

costs to Orange. He said aspects of Vodafone's case were "hopeless". Vodafone, the UK's biggest mobile operator, took court action after Orange refused to withdraw last autumn's campaign focusing on cost savings offered by its business ser-Alon Cane, London

Watchdog warns of higher costs

A UK consumer watchdog has warned that water bills could rise "substantially" because of future European directives as Britain's privatised water utilities come under increasing pres sure to improve compensation to customers. The National Customer Council, part of Ofwat, the water industry regulator, said the European Union's draft revised Drinking Water Directive is likely to cost £2bn (\$3.12bn) over 15 years, adding £5 a year to average bills to meet the cost of replacing lead pipes. Mr Jim Gardner, chairman, warned it would be too late to discuss the measures by the time of the next review of water price controls. Jane Martinson and George Parker, London

■ VEHICLE PRODUCTION

Peugeot recalls 150,000 cars

Some 150,000 Peugeot 306 cars built by the French group's UK subsidiary, are being recalled to remedy possible wiring faults that could lead to under-bonnet fires. The recall covers only right hand drive models sold between April 1993 and the end of February 1996 and follows 20 instances of wiring malfunction, some of which led to fires. John Griffiths, London

■ FAMILY PLANNING

Birth control - use of contraceptives

| Country | World ranking | % couples using contraception |
|-------------------------------|---------------|----------------------------------|
| Char | | |
| France UK | 2= | 81 81 |
| Italy Germany | 8 21.5 15 | 78 75 |
| US | 19 | <u>74</u> |
| Nigeria | 102 112 | |
| Marritagia Source: Maria S | 118 | Nations Population Division |

China tops use of contraceptives China heads the world usage of contraceptives, with 83 per

cent of Chinese married couples using them, according to a study released today. The UK and France share second place, the study, by Marie Stopes International, the family planning charity reveals. The table shows the percentage of married couples of reproductive age using contraception. Former Yugoslavia has Europe's lowest rate of contraceptive - 55 per cent. In Africa there are 16 countries in which less than 10 per cent of couples use contraception. The pill is the most popular contraceptive in Europe, Africa and the Arab world. But female sterilisation is the preferred method worldwide – used by 35 per cent of couples. Cline Cookson. Lo. Cline Cookson, London

in earnings from overseas activity

By Graham Bowley, **Economics Staff**

UK banks' net overseas earnings declined last year due to the increasing number of them being owned from outside the UK. lower overseas lending and reduced income from overseas interest rate derivatives.

However. UK insurance institutions registered their biggest rise in overseas earn-ings since 1986, according to British Invisibles, the trade group for the financial industry. The total net overseas income of the financial sector rose to £20.4bn (\$31.6m) last year from £18.8bn in 1994, the group's annual survey showed yesterday. Earnings from services were £12.2bn, 60 per cent of the overall surplus, £800m

£0.8bn higher than in the preylons year.

Buoyant conditions on international stock and bond markets in 1985 boosted oversess carnings of pension funds and unit and investment trusts. to £2bn from £1.7bn. Unit trusts' carnings returned to their 1993 level of £72 im. after

worse year. Their net overseas earnings fell from £2.1bn in 1994 to £1.7bm. "Although the steep decline in dealing profits apparent in 1994 was reversed, this was more than offset by a return to an outflow of earnings from direct investment,"

banking sector last year. This meant banks' net earn-

ings fell from £7.5bn in 1994 to £6.2bn last year. Banks' overseas earnings were also hit by lower volumes of overseas

£1.1bn in 1995. from £2.1bn to £3.2bn last year. Lloyd's earnings rose portfolio investment income and a further rise in net underwriting income", the survey found.

Banks show drop | Protestants under peace spotlight

Violence in N Ireland has taken attention off republican movement

or once, the prospects for peace in Northern ireland do not rest on Ireland do not rest on the shoulders of Mr Gerry Adams, of the Sinn Fein party of which he is president, or of the Irish Republican Army. As the region slides back towards bigotry and violence, attention is focused on the leaders of the Protestant "loyalist" paramilitary groups.

At the UK parliament, there is little doubt that the murder on Monday of a Roman Catho-lic taxi driver heralded the return of sectarian killings. Michael McGoldrick, aged 31, who wanted to be a teacher, was shot in his taxi a few days after graduating from Queen's degree in English and politics. British ministers still believe

there is a chance of preventing a repetition of the sectarian murders that continued until the IRA called a ceasefire in August 1994. They hope to persuade the Protestant paramilitaries not to end the ceasefire they declared a few weeks

The UK and Irish governments have known for some time that loyalist political leaders had been holding the line with considerable difficulty following the IRA's return to violence in London's Docklands district in February, Irish leaders, fearful that a return to Protestant terrorism might his credentials as a voice of involve targets in the Republic moderation. "Just when we

tomorrow's traditional July 12 celebrations, it is the Orange Order which is shaping the political agenda rather than the political parties, John Murray Brown writes. Less than six months ago

the Ulster Unionist party, the province's largest party, was voting to sever its links with the Orange Order, which has about 60,000 members. Mr David Trimble, the party leader, publicly outlined a new relationship which would par-allel the ties that the British Labour party has with its trade unions - close but not The UUP's links with the

in their praise for loyalist leaders in Northern Ireland. In spite of causing mayhem with bomb attacks in London and Manchester, the IRA has studiously avoided escalating the conflict in Northern Ireland. During the early 1990s republicans were literally outgunned by loyalists. One of the arguments that led to the IRA ceasefire was that violence was counter-productive within the

olics were killed in reprisal attacks than Protestants. The past week's events are likely to play into Mr Adams' hands, allowing him to present of Ireland, have been effusive thought we might have seen agency of Protestants.

community. More Roman Cath-

As tensions ride high ahead of Orange Order look stronger than ever. As the largest Protestant organisation in the province, its influence is clear. It also has a critical input to the structure of the UUP, sending more than 10 per cent of delegates to the party's Council. For all the Order's denials, there is growing evidence that the wave of protests have been centrally organised. emerged vesterday that the district lodges to submit appli-cations with the police to allow additional protest marches even before the stand off at Drumcree was under way - an indication that they were preparing for trouble.

the last of it, the worst excesses of tribalism have returned to the surface," said a senior member of Britain's goventing Conservative party.
In a re-run of events at the start of the "Troubles" more than 25 years ago, it is Catholics who are seen as the victims of an aggressive majority, with British security forces

coming to their aid. One of the few possible benefits has been to defuse some of the clamour among nationalists for radical reform of the Royal Ulster Constabulary, the Northern Ireland police force, which has been making concerted attempts to shed its image as the law-enforcement

senate majority leader, who is chairman of the talks. the Ulster Unionist party, the largest pro-British party in Northern Ireland, is being given the benefit of the doubt by politicians in London and Duhlin, who acknowledge that during the traditionally tense

tomorrow when Protestants commemorate their victory over Roman Catholics at the

Battle of the Boyne, he had little choice but to be at Portadown, the scene of fierce clashes between hardline Prot estants and the police. But he will have been warned by ministers in London that the scenes will have done nothing to strengthen the unionist cause among British voters.

John Kampfner

- "Albeid Digger HATA" July 30. \$15.100 States Fund Ltd

higher than in 1994. The remaining £8.2bn was generated by earnings from investment income. also

Pension funds' earnings rose

declining to £587m in 1994. But securities dealers had a

ings from direct investment,"
the survey found.
But the purchase of UK
banks such as Barings, Kleinwort Benson and SG Warburg
by overseas buyers meant
there was a \$7.9 km outflow of

Insurance institutions' carnings rose from £4hn to £6hn. benefiting from a big rise in direct investment income. This grew from £46m in 1994 to

Insurance institutions' portfolio investment incomes rose sharply from £785m to £1.6bn. This included "a doubling of

"Aids drugs taken together eliminate the Aids virus HTV from the body. Such a statement would have been

unthinkable even six months ago, according to Scott Hammer of Harvard Medical School, speaking this week at the 11th International Conference on Aids in Vancouver, Can-

At the start of 1996, clinical trials on "combination therapy" had just started. Hopes for success were tempered by the knowledge that when Alds drugs were taken singly the effect was modest at best.

The results of the combination trials showed that the levels of HIV in the blood could fall by more than 99 per cent, below detectable levels in most cases, within a few months. Longer-term trial results, which

will confirm the power of combination therapy, are to be published today. The implications of the phenomenon have been the main talking point of the conference. Has Aids effectively been cured? Will HIV re-appear over the long term? The jury is still out, but much is being learned from the way in which the drug combination appears to catch the virus off-guard.

The Aids virus works by invading cells – called CD4 – of the immune system. It weaves its genetic material into that of the cell, forcing the cell to make copies of the virus and eventually killing it. The new viruses invade other CD4 cells but at the same time the body is growing new CD4 cells. The HIV carrier can remain healthy for many years before the equilibrium tips in favour of the virus and the immune system fails.

The first Aids drugs such as AZT, made by Glaxo Wellcome of the UK, worked by interfering with an enzyme, called reverse transcriptase, which plays a role in the weaving in process. In recent months new reverse transcriptase inhibitors with fewer side-effects than the earlier drugs have been approved by regulators. They include Glaxo Wellcome's 3TC and Boehringer Ingelheim's Viramune.

But the new drugs that have led to the excitement about combination therapy work differently. They block another enzyme, protease, which acts in the construction of new viruses by the CD4 cell. A typical triple-combination therapy involves AZT, 3TC and one of the protease inhibitors. There are three protease inhibitors approved by regulators: indinavir (Crixivan) from Merck, ritonavir (Norvir) from Abbott Laboratories, and saquinavir

(Invirase) from Roche. Why should the mixture be so much more effective than any component on its own? Patients who take just 3TC provide a striking

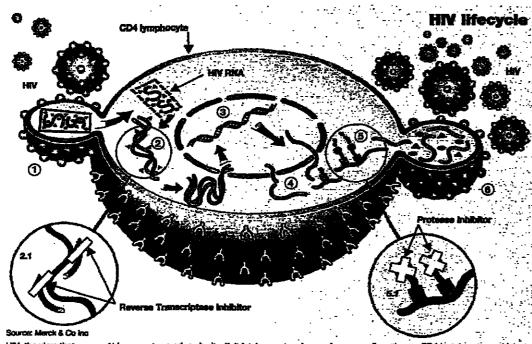
Dublin 2

Telephone: 353-1 676 2266

353-1 676 6661

Many HIV researchers believe that mixing drugs could be the next treatment breakthrough, says Daniel Green

Aids-beating combination



its genetic material (RNA) into the cell's cytoplasm (step 1). The RNA is transcribed into DNA by HIV's reverse transcriptuse enzyme 🙋 reverse transcriptuse inhibitors such as AZT block this step (2.1). Then the DNA is integrated into the bost cell's chromosome and transcribed back into RNA (3); this may occur rapidly or may follow a domant period. The RNA is translated into long protein chains and enzymes (4). The enzyme protease cuts the protein chains so that the components of new virus particles can be ass inhibitors such as Mercic's indinavir act at this stage (5.1). Finally, completed HIV particles bud off to infect new calls (5):

strains that are resistant to the drug. With protease inhibitors, the process normally takes many months. But with 3TC, resistance appears far faster, usually within weeks. In combination therapy, the strains that are better at resisting 3TC are worse at resisting the other

drugs in the cocktail. In addition, the protease inhibitors slow down the rate of production of new viruses, so that the virus cannot evolve fast enough to overcome multiple attack.

Other evidence suggests that the mechanism of drug resistance lies at the heart of combination therapy. Patients who take low doses of combination therapies respond more modestly than those on the normal dose, as would be expected. But if the dose is later increased to nornot work: the low dose has created resistant strains.

"We must block the infection • The trials are still on scores of early and hard," says Robert Gallo, a co-discoverer of HIV in the mid-1980s. There is a parallel with antibiotics. If a patient does not com-plete a course of antibiotics, enough resistant bacteria survive and multiply, and a second course of the same antibiotic is far less effective. However, many issues will have to be resolved before triple thera-

heartedly as a potential cure for • The regimen is difficult to follow, involving dozens of capsules taken at various times. Side-effects. though less than with AZT alone, can include nausea and kidney

pies can be embraced whole-

stimulate HIV to mutate into mal levels, the combination does • Even if the virus is eliminated, the immune system may be permapently damaged.

> people rather than thousands. There is no evidence yet on how effective combination therapy is for HIV carriers who have not devel-oped Aids. AZT was once proposed as a drug for all HIV carriers irrespective of whether they had developed Aids. Big trials showed this treatment did not necessarily work.
>
> The timescales for trials have been less than a year in most cases. HIV may simply take a long time to develop resistance to drug cocktalls that will show up after two or three

> • HIV is a very variable virus, with at least 10 important sub-types and countless minor strains. Triple therapies have not been tested

against many of these variants.

Richard Parker, chairman of the department of health policy at the State University of Rio de Janeiro in Brazil, called for social revolution in countries whose customs prevented some groups from taking protective steps such as using con-

The conference is crammed with poster sessions and satellite symposia unrelated to combination therapy. They discuss everything from treating Aids-associated diseases to whether aspirin might work and the role of complementary medicine.

Two approaches stand out. The first is vaccines, favoured especially by developing countries whose medical infrastructures can cope with mass vaccination. Vaccines are designed to alert the body's immune system to recognise and attack invaders. Most vaccines are weakened or dead examples of the invad-

ing organism.

New techniques aim to isolate the part of the HIV that should trigger an immune response. But the rela-tionship between HIV and the immune system has so far proved too complicated for vaccine researchers, who are pessimistic about the prospects of a good HIV vaccine becoming available for sev-

eral years.

The second approach - the latest red-hot topic, according to the US journal Science - is based on a find-ing by Gallo and colleagues at the University of Maryland. They looked at how HIV attaches itself to the CD4 cell, a mechanism which had apparently been understood for years. Gallo's team found a second mechanism, involving a group of naturally occurring proteins called beta-chemokines. The exciting aspect of the beta-chemokine discovery is that some people who appear to be naturally immune to HIV have high levels of beta-chemo-

The implication is that the natural proteins somehow squeeze out HIV, preventing the virus from attaching itself to CD4 cells. The potential for a new treatment is enormous, and as beta-chemokines occur naturally, there should be no

Researchers now believe that there are several more chemicals like beta-chemokines that act as molecular gateways for HIV.

Gallo told an overflowing conference hall that at past conferences he had erred on the side of optimism. Now that genuine progress was being made for the first time in years he preferred "to err on the side of caution". His resolve did not last. He completed his presentation by saying: "It is my hope and belief that in the near future people will not die of this virus but will live with the virus in check". That statement, too, would have been unthinkable a few months ago.

Worth Watching · Vanessa Houlder



Brain clue to appetite control

A new insight into bow the brain regulates appetite could help develop treatments for obesity and other eating disorders, according to a report in today's

Researchers at Synaptic Pharmaceutical Corporation in New Jersey and Ciba in Switzerland believe they have found the "feeding receptor molecular switch that stimulates appetite when it is activated by certain neuropeptides.

Laboratory tests showed that

the receptor - known as the Y5 -could be activated by peptides that increase food intake in rats. Synaptic and Ciba, which have been collaborating on research for the treatment of obesity and associated cardiovascular dis believe that drugs acting directly on the receptor could offer new treatments for obesity.

Synaptic Pharmaceutical: US, tel 201 2611331; fax 201 2610623.

Faster access to the internet

Gaining access to the Internet can be frustratingly slow. Conventional modems offer data speeds of 28.8 kilobits per second and even high-speed digital versions usually offer just 64 kilobits per second.

Ericsson, of Sweden, has developed a system for copper networks that will allow people to access the Internet at 512 kilobits per second. The system, known as a Cobra World Wide Web transmission system, is based on ADSL (asymmetric digital subscriber line) technology.

It uses a device that splits a standard telephone line into two hannels, one of which – the low-band – is used for voice munication, while the other the high-band — is used to transmit data. Ericsson, Sweden: tel

46705767007; fax 4687194386.

Urine test for

bladder cancer

A simple urine test for bladder cancer was approved by the US Food & Drug Administration this week, writes Victoria Griffith. The test, developed by the biotechnology group Matritech, is the first to use markers called nuclear matrix proteins. These are cell skeletons discharged from the body once the cells die. The skeletons are thought to differ from those of normal cells in a large number of cancers – perhaps all. Matritech is also working on nuclear matrix protein-based blood tests for colorectal, prostate, cervical and

The new urine test - expected to cost about \$50 - is an easy and inexpensive way of testing patients for bladder cancer. A cystoscopy - a painful procedure which runs an instrument through the urethra - is the only other option available today and costs about \$300. Matritech: US, tel 617 9280820; fax 617 9280821.

Let a computer read the map

Arguments over map-reading could become unnecessary with the development of ever more sophisticated car navigation

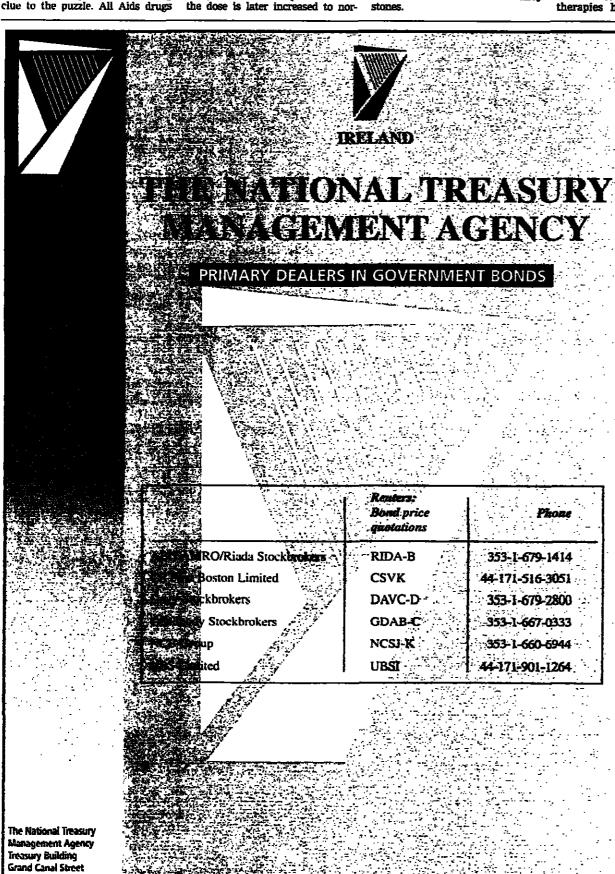
Robert Bosch, the motor components group, has just launched in the UK a retro-fit version of a system that navigates using CD-Roms, sensors and GPS (global positioning system) signals. The system, called TravelPilot, has an on-board computer that interprets information on speed and direction supplied by magnetic wheel sensors and a compass.

When the driver selects the destination, the system calculates the route and displays it on a dashboard-mounted LCD monitor. The system also gives audible

The system, which costs £3,499 plus a £500 fitting charge, can only be used within the M25 (the London area) at present, but coverage will be extended across the UK by the end of next year. TravelPilot CD-Roms are also available for Switzerland and

Robert Bosch: UK, tel (0)1895 834466, fax (0)1895 838361.

** AMSTERDAM



The above firms are recognised as Primary Dealers by the National Treasury Management Agency (NTMA).

Further information on the Government bond market in treland may be obtained

by contacting any of the Primary Dealers, or the NTMA at 353-1-676-2266.

IDA IRELAND WELCOMES THE DECISION

TO ESTABLISH ITS

TRANSATLANTIC SUPPORT CENTRE

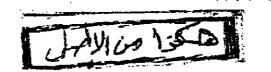
IN IRELAND BY

IBM

ON 25 JUNE 1996 IBM ANNOUNCED THAT IT WOULD ESTABLISH A DEDICATED 750 PERSON CUSTOMER SUPPORT CENTRE IN DUBLIN TO SUPPORT ITS GLOBAL CUSTOMERS. THE COMBINATION OF YOUNG GRADUATES, MULTI-LINGUAL SKILLS, TELECOMS INFRASTRUCTURE AND COMPETITIVE COST ENVIRONMENT WON THE INVESTMENT FOR IRELAND.



HEAD OFFICE Ireland Wilton Place, Dublin 2, Ireland Tel: +353 1 603 4000. Fax: +353 1 603 4040. s-mail idaireland@ida.ie. web http://www.ida.ie Germany Düsseldorf. Tel: (211) 436 02 00. United Kingdom London. Tel: (171) 629 5941. New York New York. Tel: (212) 750 4300. Japan Tokyo. Tel: (3) 3262 7821



mal, albeit of a different col-

our. Not so much a white ele-

phant, more an all-singing. all-dancing pachyderm in

shades of russet, pink and olde-

worlde gold.
Disney's 34th animated feature begins so promisingly.

The aerial camera swoops over

the Gallic houses, with their gothic towers and armadillo til-ing, while Paul Kandel's voice

belts out the rousing opener,

"The Bells of Notre Dame". We

feel a little airsick, but it is

nothing to the sickness to

This early, we sense that

Victor Hugo might have given his approval to the steepling

views of Paris squares and to the film's equally vertiginous villain: the tall, lean, sepul-

chre-toned Judge Frollo, deftly

voiced in speech and song by Tony Jay. But he would have withdrawn all blessing at the first sight and sound of Quasi-

modo, Esmeralda and the Gar-

These sound like a rock

group and pretty much behave

like one. She is a gypsy with a

voice like a sexy plumbing

accident: it sounds like - it is -

Demi Moore. He is a bad art-

ist's impression of Charles

- 1-. .i ...

Singalong with gargoyles

Laughton with a "Gee, golly" American voice (Tom Hulce). And the Gargoyles are the always come in groups. Just as the French begin to "comic" relief, a trio of stone recover from Disneyland, they get The Hunchback Of Notre Dame. could be three amoutees trying This is the same kind of ani-

> Once the plot gets going, the miscalculations multiply. The songs sound like poor relations of Les Mis, another renowned Hugo singalong. The images veer between repetitive virtuosity (so much computer-aided scaring and swooping) and stri-dent grand guignol. And Frollo apart, the best character is Esmeralda's goat - we kid you not - a bearded, lollopy charmer who is thrown away

to liven up a hospital party.

in a few visual asides.

The Cable Guy, vilified by many American critics, proves a blessed relief. Jim Carrey may resemble a quarter-back more than a hunchback, but he can swing from the movie masonry with the best of them. Here his manic cable installer befriends, or more exactly socially terrorises, mild-mannered yuppie Matthew Broderick. No sooner has Carrey plugged Broderick in to the delights of umpteen-channel viewing than he tries to hotwire their relationship with gifts, phone calls and nights out at ghastly mock-nedieval

This is Fatal Attraction without the sex. Or perhaps the sex is there but hidden. Carrey's obsession is explained only by THE HUNCHBACK OF NOTRE DAME Gary Trousdale and Kirk Wise

Cinema/Nigel Andrews

THE CABLE GUY Ben Stiller

THE CELLULOID CLOSET Rob Epstein and Jeffrey Friedman

> KINGPIN Peter Farrelly and **Bobby Farrelly**

FEAST OF JULY Christopher Menaul

THE TIT AND THE MOON Bigas Lana

a brief, perfunctory back-story - as a child he longed for a younger brother - but then it really needs no explanation. It is enough to note this man's skewed expressions, elaborate hisp, eyes like twin tunnelling drills and cryptic body lan-guage to realise that he is a force of natural insanity, like Norman Bates or Jerry Lewis. At \$20m a role, Carrey is the highest paid comedy star in movie history. But what should

each facial reaction, each linereading into a vandeville routine? It is not just the elasticity, it is the timing. When Broderick, troubled by his new friend's unacknowledged speech defect, says gently "My brother is a speech therapist", Carrey replies with a slow, per-fect, faintly hostile incomprehension, "Tho??" And when the after-meal jousting begins at the restaurant - but no,

there are some moments you

should savour for yourselves. *
The Celluloid Closet is a history of homosexuality in Hollywood cinema. Film-makers Rob Epstein and Jeffrey Friedman, adapting the 1981 book by gay film critic Vito Russo, peer into the shadowy cupboard space of American movies to see how, when and in what guises homosexual characters were allowed to show, or balf-show,

Mostly it is the usual suspects. The non-denominational sissy (Edward Everett Horton); the cross-dresser (Dietrich in Morocco, Curtis and Lemmon in Some Like It Hot); the mixed-up kid (Sal Mineo in Rebel Without A Cause); the man or woman with a Frightful Unexplained Secret (Clift in Suddenly Last Summer, MacLaine in The Children's Hour).

Funny and informative, the film rounds up its own racon-teurs, including Armistead

Schlesinger and Miss MacLaine, And Gore Vidal tells tales out of school about the homosexual subtext he wrote into one scene of Ben-Hur in an interview that has had Charlton Heston raging across America about revisionist gay screenwriters. (With ene-mies like that, who needs Between the experts come

the excerpts, rendered cherish-able by time. In Gentlemen Prefer Blondes Jane Russell's dance in the shipboard gym, with self-absorbed Adonises somersaulting all around her is a riot of pre-Village People kitsch. And Rock Hudson "pre-tending" to be gay in order to get close to Doris Day in Lover Come Back has so many ironies that it is like gazing into a hall of mirrors.

There are notable omissions.

Where is Clifton Laura Webb,

wit, savant and misogynist? Where is Louise Brooks, swooningly androgynous in hoy's clothes in Beggars Of Life? And never mind actors, what about the directors? The film seems not even to notice the monstrous irony that one of its hand-picked films The Boys In The Band - virtually the first to show gay men openly living and interacting -was directed by the same man, William Friedkin, who perpe trated Cruising, rightly picked out as the great homophobic trendsetter of modern genre



Quasimodo in Disney's misjudged version of 'The Hunchback of Notre Dame

cinema. Surely worth a quizzical aside?

The rest of the week is barely worth that. Pins are what you should stick into yourself during Kingpin if you wish to stay awake - but then why should you? - during this lacklustre comedy about howling. Woody Harrelson and Randy Quaid wander the West seeking whom they may con. Woody is a bowling alley hustler with an iron book for a hand. Randy is an Amish in a blonde Shirley Temple hairdo. Why the book? Why the

hairdo? Why not. Something has to amuse us during the longueurs between the guest vignettes by Bill Murray, who

cleans up the film every time he appears as a fright-wigged fellow hustler effervescing with mean one-liners. Feast Of July takes us deep

into Merchant-Ivory country and leaves us there, without food, money or the means to get home. This is an H.E. Bates-based tale of an adopted girl (Embeth Davidtz of Schin-dler's List) who, after miscarrying an illegitimate child, throws herself on a family's mercy in late-Victorian provincial England. Three brothers vie for her

love, while she, they and the parents (Tom Bell, Gemma Jones) gloom through the post-Industrial Revolution murk.

streets and cobblestones all have more vitality than the cast or direction, which both seem struck down by a bad case of Literary Respect.
At least Spain's The Tit And The Moon, directed by Jamon *Jamon'*s Bigas Luna, is equipped with the eye-pleasing items of the title. The moon gleams down on nine-year-old Tete (Biel Duran), who bends his own gleaming face to the gorgeous gypsy girl (Mathilda May) whom he spies on daily in her nearby caravan. She in

turn owns the shiny mammary

objects coveted by him and his teenage brother. Farouche; Fel-

lini-esque; quite funny.

The purling rivers, lamplit

Theatre/Alastair Macaulay

A very British 'Uncle Vanya'

Chekhovian if it is not full of contradictions. A says "The world is getting worse and worse", B says "In two or three hundred years' time, human existence will be wonderful", C says "My whole life is meaningless", D says "I'll make the tea." Sometimes it is the same person who utters self-contradictions or inconsistencies. Is life futile? or useful? In Chekhov, both. But there is no contradiction. no conflict, no urgency, in the Directed by Bill Bryden and cast from strength with Derek Jacobi, Trevor Eve, Alec McCowen, Frances Barber, Imogen Stubbs, Peggy Mount and Constance Cummings, it is passive, polished, tepid, insincere. It is not, in any serious way. Chekhovian. More important, it is not interesting.

The most disturbing thing

that happens in the whole staging is when Barber, as Sonya, huris down a trayful of medicines at her hypochondriac father, Serebryakov (McCowen). And Barber ~ though some of her performance is unsuccessful - seems to be the only actor in the cast interested in reconceiving the character she plays. Peggy Mount, as the old nanny, reconceives nothing; but she illumines every little scene she plays with her sheer humanity. The edge of cheerfulness with which she says "They've gone!" in the closing scene is beautifully funny, one of several moments in which she refreshes a staging that keeps growing stale about her. Cum-

Chekhov play is not mings is charmingly simple and dignified in her tiny role as Vanya's mother.

There is little humanity or sincerity to be found elsewhere. There is, however, a great deal of acting. Mellow, skilled, charming acting, much of it, often intelligent, often sensitive. But futile, so that the futility of life that Chekhov tries sometimes to suggest turns here to mere torpor. All the big climaxes of the play -Vanya (Jacobi) and Astrov (Eve) being drunk together at Vanya entering just Astrov is kissing Yelena, the woman he himself adores (Stubbs), Vanya trying to shoot his ex-brother-in-law Serebyakov (McCowen) - dissolve in this production into mere acting. Likewise all the big moments of energetic talk -Astrov enthusing about trees, Yelena admitting to herself that she is attracted to Astrov. Vanya exploding about how he has wasted his entire life - ebb away into pretty assemblies of actorly effects.

Listening to the fruity pyrotechnics of Jacobi and McCowen is like going to to a "Three Tenors" concert. Their hurnished tone formation and sculpted vowels are always a treat, of course, and no sooner does Jacobi here build his biggest scene up to a few splendid top notes and departs, than McCowen promptly hits some yet higher and yet louder notes. And, to these older but more technically accomplished guys, Trevor Eve is happy to play Carreras: he switches on the intensity, the charm, the ardour, the moodiness in seam-



Much acting, little humanity: Trevor Eve and Imogen Stubbs

less virtuoso arcs, none of which ring true for a moment. Stubbs, alas, really does not

belong on the same stage as these clever old thesps. No doubt she means to show that Yelena is a superficial and silly woman, but she does so with so much superficial and silly acting of ber own that one

grows quite confused. Barber. whose account of Sonya as inhibited and schoolgirly has its bold moments, unfortunately takes a few leaves out of Stubbs's book as the play

develops.

Bryden's production epitomises all that is worst in British Chekhov. Not so much ele-

giac as stagnant; mixing artful bel conto with a lieder recital; and now and then a few uncon vincing noises off. The ampli-fied scratching of a pen in the closing scene reminded me of

Minerva Theatre, Chichester, until July 27.

Acorn Antiques.

Ballet/Clement Crisp

Rambert ascending about six men in fortified beige

said to a long-time associ-ate of Dame Marie Rambert: "She's up there on her cloud feeling very happy tonight". "Yes", came the reply, "and busy counting the house". For there was her company, now Rambert Dance but still hers in spirit, taking the Coliseum by storm, filling the stage with a sumburst of dancing. This week's season shows the troupe dancing better than ever before in my experience – which goes back to Ballet Rambert's days on the 18-foot-square stage of the Mercury Theatre in Notting Hill

All bonour to Christopher Bruce for having inspired the ensemble which he now directs to this level of excellence. I can even forgive the patronising subtitle for this venture as "The People's Season", which equates the laudable price limit of £20 for a seat with some illusory crowd of proles who do not, or will not, pay more for dance. "The people will go to dancing if it is well presented: it is a tragedy for all forms of dance in this country now that marketing is feeble, off-putting. This season has been well-sold, but it deserves success for artistic rather than pricing reasons.

The opening of the first programme on Tuesday night was, though, calculated to send music-lovers screaming into the night. It was no less calculated to send dance-lovers towards the nearest exit. Rambert has a fine orchestra in Mark Stephenson's London Musici, and to find Mozart and Bach degraded by fatuous choreography is bad news. Jiri Kylian's Petite mort - a euphemism for orgasm - is

knickers who are armed with foils. (Ah, the subtle imagery.) Six girls, hidden behind ambulant cut-outs of dresses but also daintily attired in underwear, join them. The men strut, the girls are manhan-dled, and Kylian's musical sensitivity - akin to Jack the Rip-per's feeling for petit-point sets them grappling to two slow movements from Mozart piano concerti (including, inevitably, that known to "the people" from Elvira Madigan). The piece is typical of Kylian's turgid, gymnastic manner. It is sensationally done by Rambert's artists, who take to the native heath.

Torse follows. Axioma 7 is a clunker from Ohad Naharin, who dresses 19 dancers like waiters at Le Pansy Café, seats them on chairs, makes them take their clothes off and rampage pointlessly, while Mark Stephenson's musicians play Bach's fourth Brandenburg concerto in fine style. In a moment of silence a couple of chaps show us that it takes two to tangle. The Rambert dancers are superb, but they would be better employed throwing rocks at Mr Naharin than rushing about in this foolish exercise.

Order was restored with another serious score, again well performed. Robert Cohan's realisation of Vivaldi's Stabat Mater is a luminous work for eight women who surround the lovely Sara Matthews, whom we identify with the Blessed Virgin. Cohan's chorography is absolutely sure

in its simplicity and purity of means: it is reminiscent of a Martha Graham piece from the 1930s. Given with a serene purity of style by its cast, it has quietness of spirit, and is to be treasured because of this. and because of the women's sensitivity. This first programme ends

with Bruce's affirmation of faith in international amity the brave Meeting Point he made for last year's San Francisco shindig to celebrate 50 years of the United Nations. Much of what was on show as dance on that occasion deserved rigorous sanctions. Bruce's dances, with their Coliseum stage as to their amused nod at The Green Table, reminded audiences of the virtues of well-made choreography and of gifted and dedicated dancers. The piece looks splendid on the Coliseum stage, and it is danced with tremendous verve. The score, a saxophone concerto by Michael Nyman, is redeemed by the dazzling playing of Gerard McChrystal.

The evening ended, as it should, in cheers and more cheers. Seventy years after Marie Rambert took her first little group of students - they included young Fred Ashton to dance in a revue in Hammersmith, and after Himalayan ups and downs of fortune, Rambert Dance has climbed Everest and proudly placed its flag on the summit. Cheers for them. And cheers, too, for Granada Group, who have sponsored this season.

The Rambert season continues this week. Additional sponsorship by The Quercus Trust, Mr & Mrs George Loudon, and

INTERNATIONAL

■ AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Maria João Pires, Augustin Dumay and Jian Wang: the planist, violinist and cellist perform works by Schubert; 8.15pm; Jul 14 EXHIBITION Stedelijk Museum Tel:

Cobra en het Stedelijk: exhibition of paintings and sculptures from the museum's collection by participants of the international art group CoBrA. The works on display, approximately 150, span the period from 1948 to 1962, included in the exhibition are 17 works by Comeille that were donated to the museum by the artist last year, from Jul 12 to Sep 15

ANTWERP

OPERA De Visamse Opers Tel: 32-3-2336808 La Fanciulia del West. by Puccini. Conducted by Silvio Varviso and

performed by De Vlaamse Opera. Soloists include Stephanie Friede, William Stone and Richard Margison; 8pm; Jul 12

BAD KISSINGEN CONCERT

Kissinger Sommer Internationales MusikFestival Tel: 49-971-807110 Münchner Rundfunkorchester. conductor Fabio Luisi, soprano Christiane Oeize, alto Jochen Kowalski and baritone Boje Skovhus perform excerpts from Die Lustige Witwe and Die Fledermaus; 8pm;

DUBLIN

CONCERT National Concert Hall - Geoláras Nájejúnta

Tel: 353-1-6711888 • The Irish Chamber Orchestra: with conductor/viola-player Bruno Giuranna and violinist Franco Guill perform works by Mozart and Britten; 6.30pm;

ESSEN

EXHIBITION Design Zentrum Nordrhein Westfalen Tek 49-201-8202118 Design-Innovationen '96: exhibition showing a selection of works competing for this year's international industrial design award; to Aug 25

GHENT

EXHIBITION Museum voor Sierkunst en Vormgeving Tel: 32-9-2256676

 Jan Eisenkoeffel. Art Nouveau-gebruiksgoed in zilver, email en goud: retrospective exhibition devoted to the work of the Dutch decorative artist, gold and silversmith Jan Eisenloeffel. The display features some 200 objects, including coffee- and tea-sets, dishes, jewellery, clocks, lamps and cuttery; to Sep 15

GRAZ

CONCERT **Styriarte Graz** Tel: 43-316-70313835 Hesperion XX: with conductor Montserrat Figueras perform music from "El Siglo de Oro", the golden age of Spanish music which coincided with the discovery and conquest of America; Spm; Jul 13

HOUSTON EXHIBITION

The Menii Collection Tel: 1-718-525-9400 Georges Rouault exhibition of works by Georges Rousult (1871-1958) including 75 paintings, works on

paper, and objects drawn primarily

from The Menii Collection holdings;

to Aug 18 ■ LAUSANNE EXHIBITION

Fondation de Hermitage Tel: 41-21-3205001 Armand Guillaumin 1841-1927. Un maître de l'Impressionisme français: retrospective exhibition devoted to the work of the French

Imoressionist Armand Guillaumin. The display includes more than 150 paintings, drawings, pastels and engravings from public and private collections in Europe and the United States; from Jul 12 to Oct 20

■ LONDON CONCERT

Wigmore Hall Tel: 44-171-9352141 Florilegium: and cellist Pieter Wispelwey perform works by Ame, Storace, Haydn and J.C.Bach; 7.30pm; Jul 12 National Portrait Gallery Tel: 44-171-3060055 John Deakin – Photographs: retrospective of the photographic work of John Deakin (1912-1972). The exhibition comprises more than 100 black and white prints with emphasis on Deakin's portrait work. Also included are his fashion and urban landscapes as well as a selection of the photographs taken for Francis Bacon to work from; to

Tate Gallery Tel: 44-171-8878000 Still But Not Silent: this exhibition brings together still life paintings and sculptures from the Tate Gallery's collection by British and foreign artists. The works range in date from the late 17th century to the present day; to 14 أندل

THEATRE Barbican Theatre Tel: 44-171-6364141 Romeo and Juliet: by **: Shakespeare. Directed by Adrian Noble and performed by the Royal Shakespeare Company. The cast

\$176.56 FOREY SETTLE SETTLE SETTLE SETTLE SETTLE SETLE SETLE

includes Christopher Benjamin. Susan Brown, Julian Glover and Michael Gould; 7.15pm; Jul 12, 13 (also 2pm), 15, 16 (also 2pm)

LOS ANGELES CONCERT

Hollywood Bowl Tel: 1-213-850-2000 Hollywood Bowl Orchestra: with conductor John Mauceri, vocalists Jodi Benson, Loma Luft and Harry Groener, pianist Leon Bates and The Mitch Hanlon Singers perform Gershwin's Rhapsody in Blue, selections from Girl Crazy and I Got Rythm; 8.30pm; Jul 12, 13, 14 (7.30pm) EXHIBITION

Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100 Landmark in Printing Collecting: Masterpieces from the British Museum: the first exhibition of 100 prints selected exclusively from the British Museum's collection to travel to the United States. The show features works spanning the history

of western printmaking from rare 15th century German woodcuts to American etchings and lithographs of the 20th century; from Jul 12 to Sep 29

■ NEW YORK

Orger (Inelia) Frank Ltd

CONCERT Avery Fisher Hall Tel: 1-212-875-5030 Mostly Mozert Festival Orchestra; with conductor Claus Peter Flor, pianist Horacio Gutiérrez and violinist Pamela Frank perform works by Mozart and Schubert. Part of the

Mostly Mozart Festival; 8pm; Jul 12, 13 EXHIBITION

International Center of Photography Tel: 1-212-860-1777 Landscapes of the Civil War: Newly Discovered Photographs from the Medford Historical Society: assembled from more than 5,000 Civil War original albumen prints in the collection of the Medford Historical Society, this exhibition of close to one hundred prints provides an opportunity to survey examples of Civil War photographic

reportage. The prints on display are in unusually fine condition for works of this period, as they were seldom handled or exposed to light before their rediscovery in 1990. The exhibition presents the work of photographers such as Alexander Gardner, George N. Barnard, A.J. Russell and Thomas C. Roche as well as the work of many unknown photographers; from Jul 12 to Nov 10

■ ZURICH

OPERA Opernhaus Zürich Tel: 41-1-268 6666 Il Matrimonio Segreto: by Cimarosa. Conducted by Adam Fischer and performed by the Oper Zürlich. Soloists include Malin Hartelius, Isabel Rey, Stefania Kaluza and Anton Scharinger, 7pm;

Listing compiled and supplied by ArtBase The International Arts Database Ameterriam The Netherlands. Copyright 1996. All rights reserved. Tel: 31 20 664 6441

WORLD SERVICE RRC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV (Central European Time)

MONDAY TO FRIDAY NBC/Super Channel:

FT Business Mornina

10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the financial

17.30 Financial Times Business Tonight

ÇNBC:

08.30 Squawk Box

10.00 European Money Wheel

18.00 Financial Times Business **Toniaht**

- "Mean Oppe MW Jun 30. Sill 10" Sinten Fernal Ltd

behind them gets smarter. The

global spirits companies have

made no real inroads into

these traditional markets. Not

surprisingly, perhaps: such products sell at prices well

selow those of the premium

international brands and own-

ership of local distillers is

tightly held. But unless they

enter these markets, the big

companies may find that

much of the growth of the

emerging economies escapes

them. There was a worrying

signal last year when growth

of the international brands slowed in many emerging

economies, but sales of local

brands continued to rise rap

from the global distillers, alco-

hol is not like other branded

consumer goods: it is inti-

mately related with social rit-

ual in many countries. To suc-

ceed in launching an imported

brand is to tap into a coun-

try's central myths. As societ

ies gain in affluence and confi-

dence, they are - not

surprisingly - more choosy

about the myths they are pre

pared to subscribe to, a trend

which partly offsets the homo-

genising effects of global cul-

face a difficult choice. If they

restrict themselves to the pre-

mium global brands they have successfully exploited so far they face a future of frustrated

growth expectations and an

ever-present temptation to

merge in order to cut costs.

But at least they will be oper-

ating in familiar territory,

manipulating the social rituals

and cultural iconography of

the north Atlantic. If they try

to break into the parts of the

market where growth is stron-

gest, they face a frustrating

time: haggling to buy local brands, dealing with pricing,

costs and cultural frames of

reference with which they

have no instinctive sympathy.

Rejecting temptation, as the

yields at most a brief glow of

virtue before the dilemma

returns, just as strongly as

Guinness board will discover.

The big spirits companies

Peter Martin

The spirit of temptation

Big drinks companies are being urged by impatient shareholders to improve earnings, but Guinness and others are finding it hard to expand in new markets

One way of looking at the Guinness story is to see it as a fable of Virtue Resisting Temptation. Britain's biggest consumer goods exporter by a erating pre-tax profits equivalent to nearly 20 per cent of sales, is under pressure from astonish those perennial monners, the shareholders. The company is Almost overnight, the indusgoing sideways, they com-

plain: earnings per share are below the level of five years Casting around for a Big Idea to get the shareholders off their backs, Guinness's directors think the unthinkable – what about a takeover bid for the biggest UK-based rival, Grand Metropolitan? Ever-helpful, the merchant bankers prepare reams of fea-To get the full flavour of the

fable, you should picture the subsequent board meeting as a Tiepolo, a symphony of pinks and light blues. The Guinness board, upright citizens to a man, is recoiling in horror at the gaudy image of Temptation, a lady with an alltoo-obvious past. Pushing her forward are a group of welldressed attendants who have clearly profited from similar transactions many times before: lurking in the background is the lady's former consort, a titled gentleman of

retiring aspect.

To sketch the picture is to know the outcome: Guinness's directors resisted the temptation. It would be churlish to suggest they might have been swayed by the thought that picking a fight with Grand Met is only one degree safer than tangling with Tiny Rowland in his prime. No, put the decision down to pure highmindedness, a suddenly rediscovered commitment to the words of the chairman's statement published only a few months before. "Our business is about growing brands of alcoholic drinks around the world." wrote Tony Greener then. "That strategy is essentially an organic one.' Easier said than done, alas.

Guinness, like the other mem-

bers of the world's international spirits league, must cope with a number of difficult issues. The biggest one as the latest shareholder rumblings suggest - is the burden of exaggerated expectations built up by the industry's ing success in the late

try transformed its economic structure, moving from a business model in which the distillers handed over most of their profit to their fiercely independent importers and wholesalers to one in which they owned their own distribution networks. Not only did they keep much more of the value added, they were able to market their products effec-tively as global consumer brands, in a way the old fragmented distribution pattern had prevented.

This one-off shift in profitability coincided with another unreneatable event - the bubble of prosperity and confidence in the late 1980s. Such fleeting public moods have narticular significance for the manufacturers of luxury goods and premium brands: they encourage consumers to believe that only the best is good enough, and only the most expensive is the

In such an atmosphere, it was easy for the distillers to think that higher prices would compensate them for the shift in taste away from brown brandy. At the very least, they could hope that consumers who drank less would drink better, moving up-market towards more expensive

If that was ever true, it required more in the way of advertising expenditure than the spirits companies were willing or - given the scale of hostility to drinks advertising in many developed countries able to spend. As might have been predicted, volumes have suffered throughout the 1990s. According to the industry newsletter Impact International, Guinness's spirits volumes have fallen at an average annual compound rate of 0.9 per cent since 1990, Allied Domeco's by 1.5 per cent. Grand Met's are flat. The top 10 brands are down by 1.1 per cent a year over the period. But the anticipated offset-

ting gains in margins have been slow to materialise. Guinness's operating profits on spirits have dropped back from over 30 per cent of sales in 1990 to around 26 per cent slightly higher than in 1994



the mid-1980s, but the trend is worrving all the same. Still, the industry is highly profitable, with enviable brands and a much stronger global distribution system. In

that respect it has survived the difficult early 1990s in good shape. As the Guinness board's ponderings make clear, the problem is not so much how to cope with past bad times as how to ensure continued growth now things are better. The industry's future clearly lies in emerging markets where tastes are not yet fully formed, brand images are open to manipulation and demography is favourable. After all, such markets have transformed the outlook for the tobacco industry in the past decade, and tobacco companies were faced with much more adverse shifts of developed-country habits than any-thing the spirits industry has

Yet these markets are also

had to cope with.

the home of the biggest gap in the spirits industry's global achievement. Merely to read down Impact's list of the world's top brands is to get a measure of that failure. Head of the list is Stolichnaya vodka, which sells 60m ninelitre cases worldwide, 58.3m of them in Russia. That's not so surprising, you say. But guess what comes next? It is Jinro Soju, a white spirit from Korea, which sells 43m cases, up 6 per cent from the year before. Next comes another Russian domestic-market vodka. Moskovoskava, and after that another drink you have probably never heard of: Pirassununga 51, an aguar-dente from Industrias Muller de Bebidas of Brazil. And fifth comes Ginebra San Miguel, a gin from the Philippines, with 24m cases, up 17 per cent from

the vear before. Here is the issue: as these countries grow rapidly in wealth and consumer sophistiextion their citizens are drinking a bit more of the west's premium products. But they are drinking a *lot* more of their local brews, and each year the marketing effort BOOK REVIEW - Carlstopher Parkes EAST TO AMERICA: Korean-American Life Stories

Edited by Elaine H. Kim and Eui-Young Yu The New Press, 386pp, \$25

Voices from the killing fields of Los Angeles

most enduring images of the Los Angeles riots in 1992 were the flickering silhouettes of armed Korean shopkeepers, raging and incoherent, against a backdrop of fire. Videotape of the catastrophe rolls endlessly in the

like rats and laughing. In this book's mournful collection of reminiscences, the small voices of Korean Americans caught in the eye of storm they know as sa-i-ou (April 29, the day the riots started) emerge fractured and sad from the debris.

LA Museum of Tolerance,

Latinos and Asians scampering

showing looting whites, blacks

Inspired by events caricatured as a revenge-taking by blacks on grasping Asian shop-keepers, the book is an attempt to represent ordinary lives "so often effaced, transmuted or covered up" by history.

Better still, for most readers,

it is an illuminating introduction into an enclosed, struggling ethnic community, scraping for a toehold on America's western seaboard.

The book's vigour lies in reflections on the trials and occasional triumphs colouring ordinary lives lived in extraordinary circumstances. They concern people born in Korea and brought up in the US. Unlike the uniformly inartic-

ulate howlings of the shopkeepers broadcast as the mobs torched their livelihoods, the voices here are varied: bitter, self-critical, resentful, recon-

There is K.W. Lee, for example, who describes LA's Korea-town as a "killing field" for dreams and people. He snorts at the deluded clustering together of Korean immigrants now "trapped" in a ghetto area where "the Jews were burnt out in 1965".

"We have replaced the Jews in the black American psyche. ing." Koreans have failed to understand or recognise other value systems, he charges. Their aloof attitude - in street culture - amounts to nothing less than "dissing" (showing disrespect), and "dissing" is a failing which can get you killed whether you are Korean or a drug addict.

According to the book's editors, southern California's Korean merchants are still being murdered at a rate of one a month. Their vulnerability stems mainly from the shortnic options open age of econom to undercapitalised immigrants other than shopkeeping in poor, distressed communities. But Mr Lee's gruff voice, not

especially shocking in a community where the members are routinely fiercely critical of one another, provides more insight. Korean Americans, he says, are deeply afflicted by their country of origin's history of wrenching changes wrought by the cultural and territorial ambitions of Japan, China and Russia. Their past is marred by invasion, expatriation, "betrayals, frustrations,

self-immolations". The results, according to Mr Lee, include "the absence of our own value system" and an excruciating introversion. The concept of trust, for example, is confined to small, unconditionally-bonded groups.

If breached, the bonds are

transformed into "a grudge that lasts for ever", he says. While such a system may have evolved as a protection against alien oppression in the past, the exclusivity of this intensity seems more of a prison in freeflowing US society.

"We share the [Judeo-Christian] work ethic, the pursuit of education and the belief in the family, but we don't share the sense of community conscience," he says.

Looking for the roots of cultural conflict is one thing. Explaining the catastrophic consequences to Mr Dong Hwan Ku, an architecture graduate from Seoul, is

working 14 hours a day, seven days a week. "I am scared every day. I have been beaten, cursed and spat upon ... When finish paying off my debts I hope I can go back to Korea." Mr Ku, not yet 40, is crushed, He is one of the victims

derided in a contribution from Mr Paul Kim, a police lieuten 🖠 ant, who advises: "So what if you were a victim? Get in line: there are 100,000 ahead of you." Mr Kim is a hard man, true to his LAPD colours. He has some sympathy for devotion to hard work, but like Mr Lee, he sees "people are really living an oppressed life". Mr Kim, who tangles daily with every ethnic group, believes the oppression results from a lack

"real sympathy for other people", Korean or otherwise. Mr Tong Sun Lim, a Christian minister, believes the trouble lies with the community's lack of experience rather than any shortage of values or self-confidence. Jews, he notes, have a 300-year history in the US; the Chinese 150 years and the Japanese 100. But Koreans have been present in discernible numbers for only 30 years In three generations, he believes, his people will have

found their place.
Saigu is still widely seen as just another rupture in LA's ragbag social fabric. But this book hints at a far more substantial significance for the city and the future of these assiduous, ambitious newcomers on America's Pacific coast. It marks the emergence of a new articulacy and a sense of

common cause. In the words of Mr K.W. Lee, the fateful day was a defining moment: "Our Warsaw, our baptism of fire ... a blessing in disguise. The larger picture will emerge a generation from now. It will become an epic."

East to America is available from FT Bookshop by ringing UK). Free p&p in UK

No one's put more heads together to help build the new South Africa.



Barlows Equipment. Market leader in





of building materials.



tube and pipe.





Barcep. Suppliers of Kelvinator and





Barlow Motors. Represents all South African mores manufacturers





ated-Blaikie. A principal source

We can help prepare the

We can supply the cement. We can deliver the timber and

building materials. We can provide the steel tubing. We can produce the paint.

We can supply the home with appliances. And we can also put a car outside

With our wide range of industrial products, strong brands and high market shares, one thing

No group in the country is better equipped to help build the new South Africa.



Barlow Limited

PO Box 782148, Sandran, 2146, South Africa Tel. +27-11-801-9111 Fez +27-11-444-3645

the door.

We see been to encourage letters from residers around the world. Letters may be liked to +44 171-873-5938 tolerate set for to fine it among letters editor the come. Translation may be available for laters written in the main international biognishes.

LETERS TO THE EDITOR

Number One Southwark Rodge Tondon SPI 9HT

EC frustrated in earlier attempt to

From Mr Jonathan Faull. Sir, Your editorial "Squalls over the Atlantic" (July 8) considers the European Commission's investigation of transatlantic airline alliances and argues that the Commission should have asked the Council of Ministers long ago for a remit to deal with the specific competition issues

The Commission did just

Rome's competition rules to air transport within the EU to routes between the EU and foreign countries.

investigate airline alliances

The Council has not adopted the necessary regulations so the Commission has fallen back on the original treaty article which provides for enforcement of the competition

that, proposing in 1989 that the Council extend the regulations

implementing the Treaty of

rules, Article 89. It is not for want of trying to secure a better legal framework that this step, necessary for the proper implementation of competition policy, was taken.

Jonathan Faull, directorate-general for competition, European Commission,

Even bigger bite by US law on Cuba trade

From Ms Ruth Wedgwood. Sir, In his article "The long arm of American law" (July 8), Stephen Fidler laments the treble damage lawsuits that may soon be looming in US federal courts against foreign companies trading with Cuba. Unhappy corporate counsel will wish to note another set of teeth in the American boycott

Foreign companies may be liable not only for the profit they make from a transaction (times three), but also for the entire underlying value of any expropriated property used in any way in the transaction. In other words, a European company's arm's-length purchase of one ton of sugar cane from a nationalised farm, or 1,000 pairs of shoes from a factory, could expose it to a recovery amounting to three times the value of the entire

This stems from the Helms-Burton Act's broad definition of "trafficking" in property - to include all commerce "using or otherwise benefiting from confiscated

property". Though Congress's real target may have been equity stakes, joint ventures, and management of confiscated property - see Section 301(S) - the statute's broom sweeps widely indeed.

Ruth Wedgwood, professor of law, Yale University. Connectiont senior fellow, Council on Foreign Relations. 58 East 68th Street, New York, NY 10021, US

Tuned in to the Internet Non-existent water quality

farm or factory.

From Mr Daoid De Burgh. Sir, It always amuses us, living as we do on the Costa Blanca, when we read about the pressure within the UK and from the EU for water quality to be raised in the UK. Here the water "quality" is non-existent, as is the water correspondent It would have saved Mr for many days in high summer

but the tourists still flock in from northern Europe and never complain! I have just tested our tap water today and the nitrate level is about 50 mg/litre which the biggest members of (according to my test kit) is double the European recommended safe limit and at feeding its all-news or above the danger level, let alone the foul taste and smell which is present at times.

David De Burgh, Buzon T 509, Calle Ceuta 8, 03724 Moraira.

From Mr Adrian Dunskus.

Sir. It is unfortunate that Richard Vadon, when writing his piece on radio on the Internet (Media futures: "A radio Renaissance worldwide". July 8), did not consult Wolfgang Münchau, your excellent Frankfurt

Vadon from asserting that Virgin is the only European radio station broadcasting live on the Net", which is not true. Bayerischer Rundfunk, one of Germany's Public Radio and Television (ARD), has been programme, B5aktuell, live

into the Net since October. Anybody interested can get up-to-the-minute news from Germany in German at http:// mats gmd.de/br5/index.html Our site, technically supported by GMD, Germany's Society

Processing, allows the user to download the required Streamworks player software, which we chose over RealAudio because Streamworks provides for

CD-like reception if the Internet connection is established with ISDN bandwidth. Apart from that, our experience over the past year bears out the assessment of Howard Freeman, quoted in Mr Vadon's article, that Net users are information-driven and therefore flock to sites that provide pure information (like OUTS does). That said, let me finish by adding that, for me, Media

Futures is a must-read every Monday. Adrian Dunskus, Bayerischer Rundfunk Online Task Force Rundfunkplatz 1,

80335 Munich

Economically represented

From Dr Eamonn Butler: Sir, As Murray Rothbard in life denied the holocaust, now his posthumous book denies the importance of Adam Smith to economics. The surprise is Michael Prowse ("Dethroning Adam", July 8) gives it so much space. To say that Smith's labour theory of value enabled Mark to concoct his silly "exploitation"-ideas is indeed unoriginal. To blast his support of bank regulation or income tax as "bumbling . interventionism' says more about Rothbard than Smith.

19th-century era of liberal economics and rising prosperity. His "invisible hand" theme illustrated how societies could evolve in harmony and co-operation without the need for interventionist planning. Yet Smith's path-breaking social analysis does not feature in Rothbard's book Smith turned economics from metaphysical musines into an empirical science. In so doing, he rejected some promising but speculative theories by earlier economists. Rothbard mourns these losses, but in fact it was the empirical method he hated. Smith made mistakes, but wilful

Smith's bold critique of trade

restraints made possible the

subject was not one of them. Eamonn Butler, director, Adam Smith Institute, 23 Great Smith Street, London SW1P 3BL, UK

misrepresentation of his

Service adrift

From Mr A. Kevin Porkin. Sir, With cross-channel services which run 24 hours a day apparently suffering cut-throat competition and involved in high-cost advertising campaigns in the press. I recently tried to book a crossing at 11pm. All the companies had either

A. Kevin Parkin, 4 Oak Crest, Bawtry Road, Doncaster DN4 7PJ, UK

A THE THE SECOND SECOND SECURITY OF THE SECOND SECO

Heaver

 V^{*-}

Her out 1.2

V.

200 L

14.0°

ت ريخا *t*=−− B . -**3 35** # Co. . . ### (1<u>24</u> . .] Library ... ÖZ1≟≥.ı Ben on the state of Steel Bridge P. De Land Commercial ka harana a Fair of 1 The state of the state of Biog the second

Marie de la propie

answering machines or did not

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday July 11 1996

Jobs for the boyos

Flags are waving in the valleys of south Wales and in South Korea for the generosity of British tax other developed country. It was 11 times higher than in Germany for the generosity of British tax payers. They gave the dowry for a marriage of eastern capitalism and Welsh labour in Newport, a former steel town suffering sadly

from unemployment.
The industrial conglomerate, LG is to invest £1.7bn in an electronics plant, expected to provide more than 6,000 jobs. But the price has been high. The total subsidy, believed to be about £200m, represents a cost of £30,000 per job, far the highest for any such project in the UK and perhaps twice the amount that would have been considered reasonable until recently.

In one sense LG has scooped the pool. The financial inducement which it is being given is nearly equal to the total subsidy dispensed by the UK last year (to April 1996) under Regional Selective Assistance, when 477 inward investment projects were agreed.

Most of the foreign companies setting up in the UK came without being offered wads of handout. The country's remarkable success in attracting inward investment -1,350 projects, providing 285,000 jobs in the last three years depends more on solid attractions than cash in the hand. Britain's position in the EU, its language, low labour costs and relatively liberal approach to tax and regulations have all carried weight.

A recent study by the Institut der Deutschen Wirtschaft suggested that the ratio of profit to labour costs for new projects was higher in the UK than in any do not get them.

the US. It is not surprising, there fore, that German companies are jostling to invest in the UK (58

With such advantages, why does the UK need to pay so much to the countries of Europe are engaged in an increasingly competitive subsidy race, from which all will ultimately lose. In the UK, the regional development authorities are competing against each other with similarly self-defeating results, despite a recent rebuke from the Treasury.

The fundamental difficulty in the UK, as in the EU, is that the rules governing state subsidies are chaotic; they derive from many quite unconnected schemes, from which ingenious agencies could in theory put together subsidies worth three-quarters of a project's total cost.

Consequently politicians have to judge whether each handout represents a sensible trade-off or just jobs for the boyos, a secretive choice in which any minister is likely to be fallible. The remedy is much more detailed public guidance from the Treasury, for example on what is a reasonable "cost per job", and less secrecy about the analysis of costs and expected benefits. Above all, there needs to be reform of EU rules on state handouts to make the practice fair to all members, fairer to taxpayers and fair to the companies which

Heavenly peace

Beijing and Washington have to the US, and suspended talks in decided, belatedly, to patch up a series of bilateral committees. their squabbles of recent months. The visit to China by Mr Anthony Lake, President Clinton's national security adviser, has produced general agreement to swap summit meetings next year. Even without any commitment to a firm date or location, that is a transformation from the bickering of the past year. It is certainly to be wel-

Clearly both sides wanted to improve the atmosphere, and no doubt for their own political reasons. Beijing gave Mr Lake a fivestar welcome, including talks with both President Jiang Zemin and Premier Li Peng, when it could have easily trotted out no more than a deputy foreign minister. As for Washington, it is clear the US administration has been involved in a serious reassessment of its relationship with the Chinese leadership, and has decided that it cannot be allowed to stagger from one obstacle to the next.

It is becoming increasingly clear that the most important interna-

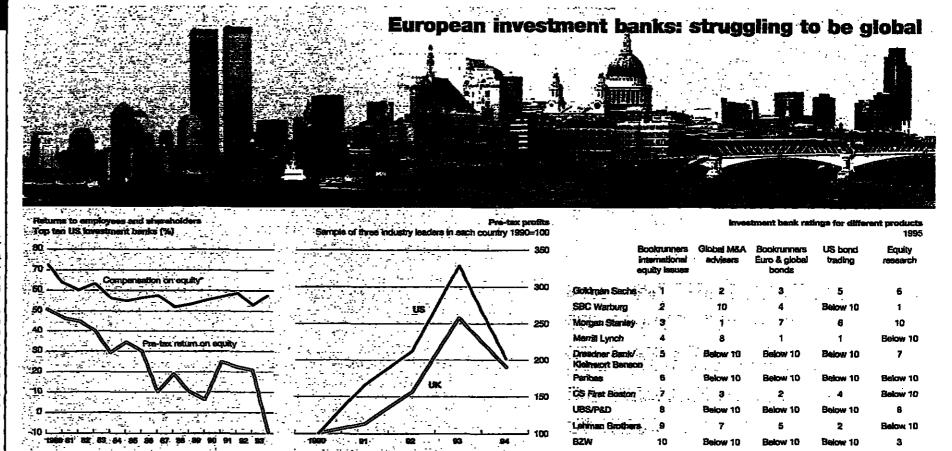
tional relationship in the first decades of the next century will be that between China and the US. But so far, neither side has worked out a reliable framework in which it can be handled. Instead, they have allowed a series of disagreements to escalate into potentially destabilising disputes. First the Chinese became incensed over the private visit of Taiwan's President Lee Teng-hui

Then China's aggressive war games in the run-up to the Taiwanese elections prompted Washington to despatch two aircraft carriers to the Taiwan Straits. And twice this year, the US has come close to imposing trade sanctions, for alleged sales of nuclear technology to Pakistan, and for Beijing's failure to clamp down on

piracy of US intellectual property Those disputes are now out of the way, and the US Congress has approved a renewal of most favoured nation trading status for its partner, by a comfortable majority. Hence the present opportunity to make amends. The worrying thing for the rest

of the world is that there will be a host of similar hiccups in the bilateral relationship in the months and years to come. Taiwan is a permanent source of friction, and will remain so until its status is finally resolved. The return of Hong Kong to Chinese sovereignty next year will also, almost certainly, produce new causes for confrontation, whether over human rights, or merely aviation rights for Taiwan.

Next year's summits must be used by both Beijing and Washington to create a reliable framework within which they can resolve and contain such disputes. A relationship so critical for the maintenance of world peace and stability cannot be allowed to stumble from



Rush for the big league

John Gapper on the strengths and weaknesses of European investment banks competing for a place among the global market leaders

banks are being transformed. Little over a year since Barings' collapse caused a shake-out in the City of London, the largest have grown in size and ambition. Some now compete to join elite US investment banks such as Goldman Sachs at the top table of global

Few months have passed since the start of 1995 without one of these new contenders announcing a step in its growth. Some large banks, such as Dresdner Bank, have bought merchant banks such as Kleinwort Benson, while others like Deutsche Bank have tried to hire the best talent from market leaders. Last week's announcement by the

Credit Suisse group that it intended to merge its investment and corporate banking arms into a single body called Credit Suisse First Boston was another form of growth. In this case, it involved putting ether existing operations so the could work more effectively. On paper, it created at a stroke a

body that will challenge global investment banks such as Morgan Stanley and Salomon Brothers in terms of equity capital and employees. It is trying to put behind a decade of performing at less than its best because of internal tensions between staff in different divisions. As these leviathans have been

born, they have sent waves of disruption through the industry. Deutsche Morgan Grenfell, the institution created by merging a British merchant bank and the investment hanking part of Deutsche Bank, has caused anger by poaching bankers with million-dollar bonuses.

Waves have also been felt on Wall Street. The long-awaited reform of Glass-Steagall, the US law separating investment and commercial hanks, has not yet happened. But European banks have already accelerated their push into the US by hiring staff and buying firms. For example, NatWest Markets, the investment banking arm of

National Westminster Bank of the

uropean investment UK, last year paid £135m to buy a small mergers and acquisitions firm run by Mr Bric Gleacher, a former star at Kidder Peabody, the Wall Street broker. More recently it bought Greenwich Capital Holdings, a broker of US government bonds, for £590m to reinforce its fixed income side.

Meanwhile, Union Bank of Switerland, an early entrant into London investment banking when it bought the stockbroker Phillips & Drew in the mid-1980s, has hired corporate financiers, equity analysts and bond traders on Wall Street. These include Mr John Costas, head of US bonds at Credit Sui-

These banks argue that only by having a strong presence in the US domestic market can they rival a firm such as Goldman Sachs, "Once you have cracked the US, you are on your way. If you have not, there is a lot of pain ahead," says Mr Martin Owen, chief executive of NatWest Markets.

The motives behind this rush towards the big league are clear: Some European banks have no choice but to seek alternatives to their traditional operations. Margins on plain lending to large companies are now wafer-thin, while retail banking for small businesses and individuals is barely profitable in some European markets, particularly Switzerland.

 Although investment banking earnings are volatile, 1996 has been extremely profitable. Markets have risen and there has been a wave of mergers, acquisitions and equity issues. "This is a buoyant time in many ways," says Mr Maurice Thompson, head of investment banking at Deutsche Morgan Gren-

· Many believe this is one of the last chances to make it as a global investment bank. Perhaps a dozen banks are competing to achieve this, and the consensus is that four or five at most will succeed. Some bankers fear that if they miss opportunities for growth now, they will never be one of the leaders.

European banks have advantages in aiming for the top. The biggest one is financial muscle. This is partly a matter of capital. One of the main reasons for the CSFB restructuring was the wish to put the strength of Credit Suisse's bal-ance sheet behind the investment bank's expertise in underwriting

and proprietary trading. Mr Richard Briance, global head of fixed income for UBS, says a strong balance sheet gives banks an edge when companies want to raise cash by issuing bonds or shares. "We can put capital at a company's disposal immediately. That gives us more cards in our pack," he says. The prospect that scares some US

firms most is the sheer stamina of an institution such as Deutsche Bank which has enormous cashflow and traditionally undemanding shareholders. Few believe it will give up easily even if Deutsche Morgan Grenfell produces inadequate returns over several years. One senior director of a US bank says it now faces economically irrational competition.

Tet the elite US investment banks have many advantages that will be difficult to overcome. They offer a large range of services, from secondary trading of bonds to putting capital at risk to buy and sell investment portfolios for investors, and advising company chairmen on potential mergers. Furthermore, US investment banks have the natural advantage of roots in the world's largest and most innovative capital market. Goldman Sachs or Merrill Lynch have used the earnings flow from profitable US operations to diversify

into Europe. European commercial banks have found it relatively easy to build bond-trading desks that can compete on price with a big US firm. It has been more difficult to break into the prized businesses that depend on long-term relationships and trust, notably the mergers and acquisitions advisory side.

One problem is that as competition drives down margins in the forms of investment banking that are easier to enter, it becomes more essential to sell a lot of services to each customer. An investment bank is most profitable when it is hired to execute complex deals and financial restructurings.

This creates a problem for several of the new entrants. How can they create an institution that not only looks powerful on paper, but makes money? "You can build revenue easily enough, but making a profit is a different matter," says Mr Simon Robertson, chairman of Kleinwort

The challenge of establishing sustainable profits is already hard for the long-established US firms. A global study by McKinsey, the consultancy firm, found return on equity among the top 10 US investment banks has fallen steadily in the past 15 years, while pay and bonuses have remained high

It will be harder still for their European competitors, which lack the established culture of firms like Goldman Sachs. One director of a European bank says his rivals are unlikely to succeed simply by hiring the best talent from US rivals because they are are working against their own interests.

By hiring a collection of stars in bond or equity trading, or corporate finance and rewarding them for their expertise in their own areas. European banks are creating divided, unstable firms. "The bonus system is at cross-purposes with what is good for the firm as a whole."

Mr Thompson, of Deutsche Morgan Grenfell, usually cited by rivals as relying on hired guns, says this criticism is over-blown. He says that the 200 new recruits comprise a small proportion of the 7,000 staff there. "The most important thing is to win business. Momentum creates

a culture quite quickly," he says. Momentum is what the European investment banks seek above all. The more optimistic believe the potential market for an investment bank that can provide services in

Europe, America and Asia is growing because of long-term trends such as the move towards private investment and liberal markets. Others are less sanguine about

the competitive climate facing the new aspirants. "This is a mature business and it will carry on consolidating. It was given a new lease of life during the 1980s by financial liberalisation but that will only be a pean bank.

This is a worrying prospect for those that fail to take their place alongside the US elite. As competition has grown among brokers and traders in bond and equity markets, those outside the top five in any market may make marginal profits

This could leave several banks which are now building their operations with an expensive network that does not have enough business to support it. Some investment banks are wary of being caught in this way. "There are advantages to being a tortoise not a hare," says Mr Robertson of Klein-

The gloomiest observers argue the entire notion of becoming a global investment bank is flawed Ms Claire Gouzouli, a director of First Consulting, a consultancy that has studied several large investment banks, says that it may be impossible for any of them to

achieve their target.

She says investment banks have traditionally relied on being creative and swift to react to changes in markets. This involves talents that are crushed in big organisations. "In an economic sense, it does not make much sense to try to become a global commercial and investment bank," she says.

Most European bankers are unwilling to accept such a gloomy recognise that they are now in what could be a prolonged and tough bat-tle from which only a few at most will emerge victorious. The best justification for many is that they have little choice but to try.

Minimum wage

The almost certain passage into law of the bill to raise the US minimum wage from \$4.25 (£2.70) to \$5.15 is a politically significant event. The ability of the Democrats to pass the increase through a Republican-controlled legislature suggests politics is swinging leftwards. But the extent of that swing should not be overstated. It is still more important not to exaggerate the economic impact, for good or ill, of this rise.

Since the minimum wage is one of the totemic legacies of Franklin Delano Roosevelt's New Deal, the passage of this legislation is a welcome triumph for the Democrats. President Clinton is shining brightly in the opinion polls. Mr Newt Gingrich, architect of the Republican victory, is in eclipse. Now congressional Democrats can point with pride to their success in mandating higher wages for 10m low-paid workers.

Such triumphalism should be kept firmly in check. The minimum wage has been raised 18 times since it was first introduced, most recently in 1991. It is also and will remain, after the increase a largely symbolic gesture.

The reason is that its level is so low. The new minimum wage will directly affect only some 8 per cent of US workers. While its sterling equivalent is a mere £3.30 an hour, a minimum wage that bore the same relation to average UK incomes as the new US minimum wage does to average US incomes wage to average US incomes would be just £2.30 per hour. It

says a great deal about the degree of wage inequality in the US that 8 per cent of its workers will be directly affected by such a low minimum. In the UK, the proportion would be far smaller: in fact the proportion of full-time UK workers earning below £2.30 an

That the impact of the proposed minimum wage on labour costs will be so small does not make it a good idea. It merely means its adverse effects on the flexibility of the US labour market will be minimal. A minimum wage is a hypothecated tax on employers whose revenue is transferred directly to employees. Notwithstanding controversial suggestions to the contrary, such a tax is likely to have some adverse effect on employment

More important, it is an ineffec tive way of helping the poor. A large proportion of those earning low wages are youngsters living with parents and part-time workers in two-earner households. If the goal is to reduce poverty or flatten an increasingly unequal income distribution, a more efficient policy is to target cash subsi dies, via the tax and benefit sys-

tem, on genuinely poor families. The minimum wage is either tokenism or likely to damage employment. In the US, it is almost entirely the former. If they wish to make a real difference left-of-centre politicians should be

· OBSERVER O'Brian's novels." As a way to kick - company letter reference - Rej2. - conference in London.

Make it happen

The world has become sceptical of media mognis' plans for grand alliances, whether to launch 200 channels of digital television, or to build the odd electronic superhighway. Egos have a way of clashing almost before the ink has dried on the deal. But the latest proposed part

between British Sky Broadcasting. the IIK satellite venture, and the Kirch group of Germany may have There has been a rapid meeting

of minds between two impatient men: BSkyB's Sam Chisholm and Gettfried Zmeck at DF1, the German digital satellite project which will launch later this month. Their bosses, Rupert Murdoch and Leo Kirch, get on too. Both Chisholm and Zmeck have

little patience for grand talk about strategic alliances. Both say, almost in the same breath, they are interested simply in "doing it". Which is why the BSkyB-Kirch strategic alliance might actually endure. And why Bertelsmann, the

German media giant, may come to

· All at sea ■ "I am a passionate admirer, as I am told you are, of Patrick

regret fumbling its proposed alliance with Murdoch

off a letter it takes some beating -particularly if the recipient has never heard of Patrick (/Brian, as was the case with one of ... Observer's colleagues.

Max Hastings, editor of the London Evening Standard and author of the letter, goes on to issue an invitation to dinner - cost £55 - with the said author. Rather than saying anything publicly, i am simply writing privately to ask some of Patrick's fans whom I can identify whether they would like to come." Well now it's public, Max. Perhaps some genuine D'Brian fans - he writes Napoleonic sestaring yarns - will be in touch

Dear reject... ■ Mindful of the effect that : rejection letters may have onunsuccessful applicants, caring companies try to soften the blow, it may make more hard-headed sense too, as today's reject may be : tomorrow's valuable business contact or may be a customer.

Sadly, however, good intentions are so easily undermined. One applicant for a job at a financial house opened up a "No" letter to find warm reassurances. The rejection "should not be taken as a reflection on your skills and experience", it insisted, explaining that the number and quality of applicants had been exceptional. A nice touch was the personalsignature. But then he noticed the

Bullish Merrill ■ When Merrill Lynch was bullish

about America it flogged its emblematic bull for all it was worth. In assorted advertising campaigns, the beast was put atop a akyrise steel girder and made to walk through a china shop. Now that the US house has gone bullish about Spain, where it paid £18.5m for FG, the largest of Madrid's independent broking houses, it has come face to face with a

thundering herd of the real thing. Merrill's chief executive David Komensky, in Madrid to celebrate the takeover, took a leaf from Papa Hemingway's notebook yesterday and stole off to Pampiona where the annual bull run flesta is in full swing. Will there be TV clins of the cossize Bronx-born former trader sprinting ahead of six menacing toros as they charge through Pampiona's narrow streets to the bulling and their death in the afternoon rendezvous? No such luck. Komansky said he planned to watch the run from a balcony.

Lion taming

So much for bulls. Latest addition to the business world's animal clan is actually the South African lion, its minister of trade and industry, Alec Erwin, tells the CBI's Invest in South Africa collects.

He goes on to offer an unusual encouragement for potential British investors: "Come and ride the lion - don't let it eat you."
One old lion doing the rounds is

Cyril Ramaphosa, recently retired secretary general of the ANC. The former labour leader is now deputy chairman of New Africa black-controlled company listed on the Johannesburg bourse. We are told the company

"constitutes the successful meeting of minds between black endeavour and enlightened established economic interest". Asked which cap he's wearing here - political or business - he hesitates before replying, with a hearty guillaw, "Both." Llos tamers might hope for a less equivocal answer.

Beyond our Ken As Britain fêtes Nelson Mandela,

Ken Livingstone, former leader of the now defunct Greater London Council, might be permitted a wry smue about the fuss 11 years ago when an eight-foot bronze of the former Robben Island inmate was erected outside London's Royal Festival Hall. Typical GLC extravagance, sections of the establishment harrumphed - what business have they spending tax payers' money celebrating such a life? Livingstone must be laughing like the newts he famously

Ginancial Jimes

100 years ago The United States Election

The Democratic Convention was a scene of great excitement and disorder after four hours devoted to speeches and the nomination of candidates. The demonstrations over the names of Bland. Boles and Bryan rivalled one another in intensity and fervour. A young woman dressed in white led the demonstration in favour of Mr Boles from a front seat in the gallery, where she waved a hanner. She was conducted by excited delegates to the platform. and thence was almost carried to the Iowa delegation, waving her hanner until almost exhausted. At the fifth ballot Mr Bryan obtained the requisite number of nominated as the Democratic candidate for the presidency.

50 years ago China To-day

Life in Shanghai is vastly different from the old days Shortly after the defeat of the Japanese, Shanghai was a cheap place to stay in. At the same time Kumming was the most expensive place in China. Kunming is now about he cheapest place in China and Shanghai probably the most expensive in the world. The cost. of living is 4,000 times that in 1936, but the number of Chinese dollars to the pound is only 500

pt for

France 1

TO THE STATE OF

12.0 n water. HIM!

....

 $q_{ij}\sigma^{ij}d_{ij}$ A Section 1 1 mg mill

Apple Commence

The first prices published in this college are

times greater.

LAWYERS FOR BUSINESS

Officials braced for fresh upsurge in violence

Leaders in urgent moves to resolve Ulster crisis

By John Murray Brown in Belfast and John Kampfner in London

Politicians and church leaders made desperate moves last night to resolve the growing crisis between Protestant marchers and police that has brought Northern Ireland close to paralysis. Business leaders and security

officials were preparing for increased violence as the Orange Order's annual marching season reaches its peak tonight.

Four successive nights of may-hem have led to several towns blockaded, Roman Catholic fami-

lies bounded out of their homes

and pitched battles between demonstrators and riot police. Orangemen brought a mechani-cal digger to the front line in the village of Drumcree yesterday. where police put up stone and razor wire barriers to prevent them from completing their

annual march past a mainly Catholic estate. On Tuesday night some 7,000 Orangemen, members of the province's largest Protestant pressure group, converged on the site to assert their rights against what they see as a conspiracy by

China has chosen a European

consortium, Aero International

Regional, as its western partner

in a controversial project to build

a 100-seat airliner. Aviation Industries of China

(Avic), which is responsible for

overseeing the manufacture of

civilian aircraft in China,

announced yesterday that it had

signed a memorandum of under-

standing with Aero International.

jointly owned by Aerospatiale of

France, British Aerospace and

The aerospace division of Sing-

apore Technologies, a leading government-owned corporation,

will be the third partner in the

project, whose development costs are estimated at \$2bn. The share

of each of the three partners in

the venture has not yet been fina-

lised, and industry sources say

Daimler-Benz Aerospace (Dasa)

of Germany may yet participate.

date Irish nationalists.

Sir Patrick Mayhew, Northern ireland secretary, described the situation as "very dangerous". He added: "Everyone has seen a resurgence of the violence which all of us thought had been left behind us 22 years ago."

Sir Patrick welcomed talks in

Armagh between Mr David Trim-ble, the Ulster Unionist leader, and the heads of the four main churches in Northern Ireland.

Mr Trimble described his 80minute meeting with Church of ireland leader Archbishop Robin Eames and Cahal Daly, the Roman Catholic cardinal, as "very worthwhile". But he played down expectations of a break-through. Cardinal Daly said: "The potential is catastrophic. One couldn't exaggerate the seri-

ousness of the situation." A four-man delegation from the Northern Ireland Office also met with the Garvaghy Road residents' association - the Catholic neighbourhood at the centre of the dispute - in a search for com-

The Royal Ulster Constabulary said the total number of attacks

China picks European group

as partner for airliner project

South Korean group, dropped out

after a dispute over the location

of the assembly line. This has

opened the way for both Aero

and Avic to boost their stakes

above the levels originally envis-

per cent), Aero (40 per cent) and Singapore Technologies (15 per

Avic signed an agreement with

Aero when Chinese premier Li Peng visited France in April.

However, at the time China said

it had not yet come to a final

decision on partners and that

Boeing of the US was still in the

China has also but pressure on

Aero to include Dasa - which

along with Aérospatiale and Brit-

ish Aerospace is a leading mem-

Industry sources say that once agreements are finalised, the 100-

seater will take about five years

ber of the Airbus consortium.

The likely shares are: Avic (45

Hashimoto threatens to snub Yeltsin in war row

officers and 37 civilians injured.

One of those caught up in the violence was Mr Seamus Mallon,

deputy leader of the moderate

nationalist SDLP and MP for

Newry and Armagh. He was taken by helicopter from his

home in the town of Markethill

as loyalists sought to prevent

him from travelling to Stormont to attend the faltering

multi-party talks.
In a statement last night, the

banned Ulster Volunteer Force,

one of the main loyalist paramili-

taries, denied involvement in the killing of a Catholic taxi driver,

Mr Michael McGoldrick. The UVF

insisted its ceasefire was intact.

Extra troops have been despatched to help relieve the over-

stretched RUC, taking the total

number of forces in Ulster to

about 18,500 - the biggest deploy-ment in the province for 16 years.

troops were being stationed along

the border in counties Louth and

Monaghan in response to the

to develop. Although the initial

investment will be high, they say that production in China will boost the viability of the project thanks to low labour costs.

The eventual aim is to export

most of the aircraft, to Asian

regional carriers. "We hope to

compete to a certain extent with

Boeing," said one executive

involved in the project. Boeing's

150-seater B737 now dominates

However, the market for regional aircraft is highly

competitive. Earlier this year,

Fokker, the Dutch aircraft

maker, collapsed after a long

struggle to survive in the

regional market with its F-100

Asian competition is likely

from Indonesia's state-owned

IPTN, which wants to build an

80-130 seater jet, the N-1300. Also,

Japan and Boeing have been dis-

cussing building a 100-seater, cod-

the Chinese market.

id F-70 lets.

enamed YSX.

Protestants under peace spotlight, Page 7

The Irish army said 100 extra

world war. Mr Hashimoto said he would not attend Mr Yeltsin's inauguration if it was held on August 9, the 51st anniversary of the Soviet Union's invasion of Japanese-beld Asian territory.

Mr Hashimoto said: "Can you attack on Japan?

"Don't you care? I care. Can I go there for a celebration with nothing on my mind?"

On August 9 1945, three days after the dropping of the first atomic bomb on Hiroshima, the Soviet Union abrogated its treaty with Japan and invaded Japa-nese-held territories in China

Japanese residents there."
He did not address the question of what the Japanese were doing in northern China in the first place, Japanese forces had spent the previous 10 years or more occupying Manchuria and ern Pacific.

rebuff to that process. Mr Hashimoto may be acting prematurely, however. Russian officials have stressed that no final date for the ceremony has been set. Nor is it clear whether Mr Hashimoto will be invited

By Gerard Baker in Tokyo

Mr Ryutaro Hashimoto, Japan's prime minister, yesterday threatened Mr Boris Yeltsin, the recently re-elected Russian president, with a diplomatic saub, evoking bitter memories of unfinished hostilities between the two countries in the second

imagine my going there on the anniversary of their breaking the Japan-Soviet non-aggression treaty and carrying out the

and throughout east Asia.

As the Japanese army disinte-grated, the Russians seized sev-eral small islands off the northern coast of the Japanese

Japan bas demanded their return. The dispute means no formal agreement ending the sec-ond world war has been signed between the two countries, which are still formally at war.

The issue still rankles with many old guard politicians in the Liberal Democratic party, the largest member of the ruling coalition, Mr Setroku Kajiyama, chief cabinet secretary, said: "On August 9 [1945] I was serving in the military in the former Manchuria, I remember the Soviet military unlawfully entered the war and brought suffering on

The question of the "Northern Territories", as Japan calls the four islands still occupied by the Russians, has long been an impediment to diplomatic relations between the two countries. At their summit meeting in Moscow in April, Mr Yeltsin and Mr Hashimoto repeated their commitment to try to resolve the dispute. But a decision to hold the Russian president's inauguration on August 9 would now be seen in Japan as a calculated

THE LEX COLUMN

Bavarian bankfest

FT-SE Eurotrack 200:

40 Jul 1995

Deutsche Bank's decision to take a 5 per cent stake in Bayerische Vereins-bank signals its belief that rationalisation of the German banking market is finally on the way. By spending DM500m on a stake in its smaller rival, Deutsche has bought itself a seat

at the negotiating table.

German banking is crying out for consolidation. The top five commercial banks, Deutsche, Dresdner, Commerzbank and the two Bavarians, Vereinsbank and Hypo-Bank, control 30 per cent of the market. In the UK, the top five have over 60 per cent and in France, Switzerland and the Nether-lands the figure rises to nearly 80 per cent. Most German bankers feel under pressure to remedy this before inter-national competitors start sniffing around some of the more attractive potential targets.

Against this background, Vereins-

bank looks a tasty morsel. Along with Hypo-Bank it is strong in residential mortgages, a profitable, low-risk busi-ness. It also has a great deal of Munich property tucked away in its books at prewar prices, But perhaps its greatest attraction is the lack of a dominant shareholder - unlike Hypo-Bank or Dresdner, where insurance giant Allianz owns over 20 per cent in each case. That explains why Deut-sche was able to scoop up 5 per cent with little apparent trouble.

Deutsche may not bid for Vereins bank, at least not yet, but it will cer-tainly try to lift its stake to a more strategic 10 per cent. After all, what Deutsche fears most is a merger between smaller rivals, say Commers bank and Vereinsbank, which would endanger its own market leadership.

pointed the stock market with poor

earnings; again, the US manufacturer

has dragged down the share prices of

its main mobile communications

rivals. Sweden's Ericsson and Pinland's Nokia. Six months ago, vicious

competition in "analogue" handsets

was the problem. This time, Motorola

has pointed the finger at mounting

price pressure in "digital" handsets, a newer technology which had enjoyed

higher margins. Falling prices are

hardly surprising as consumer elec-

tronics manufacturers, such as Sam-

sung and Philips, have been tempted

the US market over the past year, but

not to the same extent. Nokia has

underperformed by 50 per cent, Moto-

into the market by fat margins. The shares of the big three mobile manufacturers have underperformed

Mobile communications Once again, Motorola has disan-

British Airways What would be the financial impact of a pilots' strike at British Airways? Certainly the union's claim that a strike would cost the company £40m a day looks overblown. At this time of year, BA's income from airline passen-gers is around £24m a day. In practice, the revenue loss would probably work out a little less than that - say £22m since the company has some nonunionised pilots, and some journeys could be rescheduled. Moreover, there would be cost savings as well. If the aircraft do not fly, the company does not have to buy fuel; it does not have to pay landing and air-traffic control charges; it does not have to pay striking pilots. Assume that 30 per cent of costs can be saved during a strike and the company's daily net loss falls to around £16m. Knock off tax, and the damage to shareholders from each day's strike works out at around £12m

mobile communications infrastructure

nents. But, with Siemens, Alcatel and

Lucent (AT&T's spun-off manufactur-

enough to give the company a powerful incentive to avoid a strike. After all, a two-week strike at 216m a day all, a two-week strike at 210m a day would cost the company roughly as much as the pilots' total annual wages bill. Worse, a sustained strike would inflict serious harm — over and above the direct cost - to the quality of its brand. BA is already being damaged as passengers switch elsewhere.

panesman dike in DB#

Marine Service

Continue the expute

Of course the company cannot afford just to buy the pilots off. Apart from anything else, it would be asking from anything the for trouble from its other unloss. But those hoping that this dispute will result in a crackdown on the power of pilots are ignoring the powerful financial pressures pointing to an artful last minute fudge.

UK pubs

Assuming common sense prevails -admittedly a risky proposition when by about 15 per cent. That may look unfair, but is an almost exact reflecever UK brewing policy is concarned.

Inntrepreneur will be able to extricate itself from its regulatory shackles. tion of how dependent each is on mobile handsets; they account for 42 per cent of Nokia's sales, 27 per cent of Commitments not to manage more Motorola's but only 14 per cent of Ericsson's. The main reason Ericsson's shares have held up so well is than 20 pubs or determine which beer they sell may have made sense when Inntrepreneur was originally formed by Foster's and Grand Metropolitan. that it is especially strong in providing Since Foster's then owned the brewer - switches, base stations and the like. So far, competitive pressures in this part of the market have been rela-Courage, concern that Inntrepreneur's customers would be able to buy only Courage beer may just have been valid. But now that Courage has been tively muted, as this type of kit cannot be assembled from off-the-shelf composold, there is no reason why inntrepreneur should not manage as many pubs as it wishes and determine what beer ing arm) stepping up their efforts in infrastructure, it is only a matter of they stock. It would scarcely be different from other big pub groups like time before margins come under pres-

If the Office of Fair Trading accepts this argument, Inntrepreneur's owners will benefit. As the UK's largest pub owner, Instrepreneur would command bigger discounts on beer supply contracts. Meanwhile, managing pubs is a more profitable business than simply leasing them to tenants. The net effect would be to boost Inntrepreneur's val-uation if, as seems likely, it is floated. Instead of being rated on the basis of its assets, it could command a premium like managed pub business

Implications for other pub operators are less positive, as there would be greater competition to buy up managed pubs. Meanwhile, Inntreprenepr's stronger bargaining power visa-vis brewers could squeeze their margins. Nonetheless, if the emergence of strong independent pub chains persuaded the Office of Fair Trading to allow further consolidation among brewers, the cloud would have a silver

Ulobal banking made in Germany. The world is shrinking. Whereas

your scope is growing. Theorepcally. And practically?

Whenever you wish to make more than just a small move. include the WestLB in your plans. We appreciate global thinking and, as one of Europe's leading banks, we have both the experience and the potential to achieve even exceptional goals with you. Established as a German wholesale bank, we

source, made to measure, reliable and, if you like, worldwide. After all, what could be closer to your wishes than a bank with a perspective as broad as your

Are you looking for a partner near you? Simply call our automenc fax service in Germany on (+49) 211 9 44 83 70 to request a list of our worldwide network Streight away.

WestLB

Banks urged to overhaul data for Emu

Continued from Page 1

changes would require costly modifications to computer systems, on top of the other big costs related to Emu.

The EMI warned that urgent action was essential, since it would take up to two and half years to implement the new systhe EMI president said: "The work of implementing the

changes must start now. Some bankers fear it is already too late to provide good money supply data by early 1999. This would be embarrassing for the Bundesbank, which is demanding that money supply figures rather than inflation targets - be

used to set monetary policy

LOW

under Emu. The Bank of England says it will implement the changes from 1999 if the UK decides to enter Emp. But other banks fear this will be too late to create accurate statistics, given London's role as a financial

"The Statistical Requirements for Monetary Union"; July 1996. European Monetary Institute.

Europe today

Europa. Most of England and the Benelux will have sunny spoils. Most places will remain dry but Scotland and Ireland will have a period of rain or drizzio owing to a frontal system. Maximum temperatures will range from 15C to 19C in coastal and cloudy regions to 20C to 25C across the interior of the Benefux. Most of France and Italy will be warmer with sunny periods. Contral Spain and Portugal will be hot and sunny Central Europe and south-western Norway will continue rather cool with rain or showers. Southern Sweden and the Balkan states will remain dry with sunny periods. Cyprus and Turkey will be not with plenty of sun. Bolanus and the Ukraine will have some thunder showers and falking temperatures.

Warm and moist air will be drawn into western

Five-day forecast

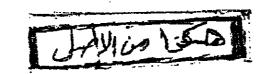
The central part of the continent will become settled with maximum temperatures rising to 25C or higher. Highest temperatures and the most sun will occur around the Mediterranear and across south-eastern Europe. The northern UK and southern Scandinavia will continue rather cool and unsettled with occasional rain or showers.

TODAY'S TEMPERATURES

thund cloudy fair fair cloudy fair fair sun fair sun C hagen

We can't change the weather. But we can always take you where you want to go. Lufthansa

Situation at 12 GMT, Temper Faro
Frantidurt
Genevo
Gibreitar
Giasgow
Hamiburg
Heistrist
Hong Koll
Honolus
Istanbul
Jakarta
Jarachi
Kuwat shower sh Majorca Matia Mancheste Manile Metroo Cit Manile Metroo Cit Manile Moscow Manich Nairobi Napies Nassau New York Nice Nicesia Osio Peris Perth Prague

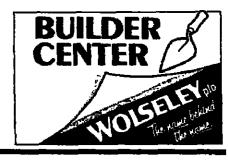




FINANCIAL TIMES COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1996

Thursday July 11 1996



Telekom

Malaysia

multimedia

Telekom Malaysia, the former state monopoly, is planning to invest M\$5bn (US\$2bn) over eight

to equip

complex

By James Kynge In Kuala Lumpur

IN BRIEF

Mannesmann wins stake in DBKom

Mannesmann, the German industrial congiomerate. emerged as the winner of 49.8 per cent stake in DBKom, the telecoms network of Germany's railway system, making it the strongest potential competitor to Deutsche Telekom, the state-owned opera-tor, when the German telecoms market is liberalised in 1998. Shares in Mannesmann rose DM13.70 to close at DM549.20. Page 14

French and Beiglan lenders to combi Crédit Local de France and Crédit Communal de Belgique, two of the world's most important lenders to local authorities, approved the creation of a joint Franco-Belgian group with combined assets of FFr1,000bn (£194bn). The move is designed to help them respond to intensifying competition in the European banking sector. Page 14

P&G launches \$1bn buy-back Procter & Gamble, the US consumer goods company, launched a \$1bn share buy-back and announced a 12% per cent dividend increase as part of an effort to reassure investors about the overall health of the business. Page 16

Gencor lifts Alusaf holding to 73% Gencor, the South African mining and metals group, has bought a further 32 per cent stake in Alusaf, the country's primary aluminium producer, from the state-owned industrial Development Corporation in a deal worth almost R2.2hn (\$507m). The move lifts Gencor's stake to 73 per cent. Page 16

Dixons' rise shows confidence returning Dixons, the UK's biggest electrical retailer, provided fresh evidence of rising consumer confidence as it reported a 35 per cent jump in underlying profits to £135.2m (\$211m) in the year to April 27 and a strong start to the current year. The shares rose 14%p to 530p as analysts upgraded their forecasts. Page 17

Laporte nears and of self-off plans



Laporte, the UK's fourth completed the bulk of its divestment programme, raising £23.5m (\$36.6m) by disposing of non-core businesses and saying it would invest £19m in its electronics division. The sales follow Laporte's divestment of most of its Australasian businesses in June. Mr Jim Leng (left), chief executive,

said Laporte planned to sell further companies representing "a bit more" than £10m in turnover. .

Rate rise extends Nikkel's losing streak Japan's Nikkel 225 index fell for the fifth consecutive day as worries over a rise in interest rates prompted a sell-off by financial institutions. Page 30

| Companies in thi | s issue |
|---------------------|-----------------------|
| AMD | 16 Gränges |
| Abbott Laboratories | 16 Groupe Barry |
| Aérospatiale | 12 HMR |
| Alenia | 12 Harvey Nichols |
| Alusaf | 16 Heineken |
| Astra | 14 Hilton Hotels |
| Aztar Corporation | 16 Hoechst |
| Bl | - 4 IIT |
| Bally Entertainment | 16 Inntrepreneur |
| Barney's | 16 Intel |
| Boeing | 1 Inver Colquilirca |
| British Aerospace | 12 Isetan |
| CCB | 14 Ivernia West |
| Cambrio | 17 Laporte |
| Cheung Kong | 16 MGM Grand |
| Circus Circus | 16 Мапреаталп |
| Clark (Matthew) | 17 Monsoon . |
| Coast Resorts | 16 Motorola |
| Cominco | 16 Outdoor Systems |
| Computer Sciences | 16 PSA Paugeot Citro |
| Creditanetelt | 14 Phairson Medical |
| Crédit Local France | 14 Procter & Gamble |
| Суток | 16 RJ Reynolds |
| Dacom | 4 Renault |
| De Cecco | 4 Shell |
| Deutsche Bank | 1, 12 Singapore Tech |
| Dickson Concepts | 16 Skoda Plisen |
| Dixons | 17 Somerfield |
| Elbe | 4 TNT |
| Ericsson | 1 Telekom Melayaia |
| _ | 47 I AVEC (ASMITTANTE |

FT-SE Actuaries Indices chmark Gavt bonds Boret futures and options Landon share service Bond prices and vields Managed funds service Dividends announced, UK BAS currency raise Feed interest indice Short-term int rates TASSEL A World Indice

Chief price changes yesterday

de in German 5.00 + 0.225 10.20 +

Hoechst may spin off HMR unit

By Wolfgang Münchau in Frankfurt

Roechst, the German chemical giant, announced yesterday that it was considering spinning off Hoechst Marion Roussel (HMR), its pharmaceutical division, into a separate company.

The move is intended to lift shareholder value, and reflects the increasing readiness of German managers to implement radical change. The demerger of the division would represent one of the most significant corporate restructurings in German indus-

try. Hoechst shares rose 2 per cent to close at DM52.52 in Frankfurt. Hoechst confirmed long-standing speculation that Mr Jürgen Dormann, chairman, would

German chemical group considers demerger of pharmaceutical division to lift shareholder value

"probably" propose at the next annual general meeting in April 1997 that HMR be turned into a separate legal entity. A legal spin-off in Germany usually serves as a precursor to a bourse listing, although Hoechst

would not comment on a possible

flotation plan. Hoechst proceeded in similar fashion when it separated out SGL Carbon, the carbon and graphite company, which Hoechst partially floated before selling off the remaining stake. SGL Carbon is now of the most

group, which Hoechst bought for The integration of HMR into Hoechst appears to have run bet-ter than expected. HMR expects to break even in 1997, rather than

companies.

HMR was created after last

year's acquisition of Marion Merrell Dow, the US drugs

the 1998 previously expected. The financial strain of the acquisition is also proving less onerous than profitable quoted companies in had been feared.

The demerger plan is part of an

Hoechst is the world's largest international trend towards the chemical group and HMR is one of the top five pharmaceutical pharma businesses. The best pharma businesses. The best now example is the decision by Novartis, the company created by the \$60bn merger between Sandoz and Ciba of Switzerland, to hive off its chemicals business.

> 15 per cent of HMR as a "misunderstanding". Hoechst said that no final deci-

sion about the future of HMR had been taken and that Mr Dormann had merely expressed a "probable outcome" in respect the legal sta-

In an interview in today's ediin an interview in today sention of Die Zeit, the German weekly newspaper, Mr Dormann said: "I want to pre-empt market development with this decision." He said he was aiming to turn Hoechst into a management holding company. Such a structure would be similar to that of Daimler-Benz, the transportation

group. Earlier this year, Mr Dormann said he was considering a spin-off of the pharma activities. Hoechst denied speculation that it was planning to float off Hoechst, however, later denied

the plans.

Hoechst in May reported a slow start to its financial year but forecast an improvement in business for the remaining three quarters. First-quarter sales were DM13hn (\$.7bn), unchanged from

to 10 years to lay the infrastruc-ture for a "multimedia super corridor" to accommodate high technology companies.

The corridor, 15km wide and 40km long, is to link Kuala Lumpur's city centre, a new international airport and an administrative capital, Putrajaya which is under construction. The FT writers assess the impact of Swiss financier's move for French cocoa processor government hopes the area will

> software groups, Internet opera-tors, microchip designers and other high-technology groups.
>
> Mr Mohamed Said Mohamed Ali, Malaysia Telekom's chief executive, said most financing for the investment would be raised internally. The funds are to be spent on laying telecoms lines probably fibre optic - interconnection equipment, software applications and labour. It was not clear when the investments would begin as no launch date had been set for the corridor.

attract information processors,

Telekom has been appointed sole provider of "hackbone" telecoms in the corridor. That means its five leading competitors will be limited to providing valueadded services, for which they would have to pay Telekom an access fee. Analysts said the con-cession could be lucrative in the

Dr Mahathir Mohamed, the prime minister, has been promoting the corridor, addressing Japanese and US business leaders. The government has not said how many investors have expressed interest in the corridor. But the size of the projects to which it will be linked should ensure strong domestic telecoms demand. The new capital, into which some government depart-

to cost M\$20bn. The airport,

being built at a cost of M\$9bn, is

also set to open within two years.

Up to M\$3bn of the funds being

spent on Putrajaya are destined for information technology equip

ment, officials say. Mr Mohamed Azzman Shariffadeen, director-general of the Malaysian Institute of Microelec tronic Systems, envisages the corridor as an ultra-modern world in which people can fill out forms, go shopping and possibly even vote online. Ticketless air travel and smart cards in lieu of

Chocolate users fear European supply duopoly

A duopoly in European chocolate supply is feared by many groups who do not make their own. The squeeze could affect even large companies such as Danone, Europe's largest biscuit baker, which buys in almost all its choc-

Chocolate users this week heard that Mr Klaus Jacobs, the Swiss financier, had snapped up Groupe Barry of France for about FFr2bn (\$388m), roughly doubling his share of the independent chocolate market in Europe to 50-55 per cent.

Next to fall, they believe, will be Grace Cocoa, a subsidiary of the US chemical company. "It was a play thing of Peter Grace," a competing chocolate maker said yesterday. But since Mr Grace, the group's long-serving Nestlé, which makes Kit Kat, and chairman, died in April speculacon of an m through the market.

The US group confirmed yesterday it was "evaluating all options" on Grace Cocoe but said it hoped to divest it by the year

Grace has about 25 per cent per cent of the European market. The only other maker of any size is Cargill, the US agribusiness, with a similar share and seen as a likely bidder for Grace.

So far, European competition authorities have failed to respond publicly to the consolidation of the industry. "Jacobs' lawyers seem very confident about Barry." a senior executive of a leading European confectionery

group said yesterday. He believes they will argue that Mr Jacobs' market share falls to about 32 per cent if cocoa butter, fat and liquor are added. These are products, refined from cocoa beans, which are used in chocolate making.

Most of the largest chocolate users such as Cadbury Schwep-pes, Nestle, United Biscuits and Mars make their own chocolate. Sometimes some might buy ingredients or finished chocolate from middle men such as Callebaut of Belgium, Mr Jacobs' main chocolate company, or Groupe Barry his new acquisition. But there is also a trend for some said one refiner. "Some people want a tanker of food-grade chocclate to arrive at their door."

Danone is believed to consume about 10 per cent of the independent European supply of covering chocolate, a market of about 600,000 tonnes a year, according to one chocolate maker. "Does this consolidation

improve my competitive posi-tion?" asked one self-sufficient chocolate user yesterday. "It's hard to say." On one hand, a merged Barry and Callebaut will restore thin chocolate margins for the com-

bined unit and put pressure on those who buy in chocolate. Yet, given the strong position of lead-ing self-sufficient users such as

On the other hand, the barriers to entry are low. Chocolate users could revert to making their own again. But smaller users would still be excluded. "A lot of small companies can't afford to do their own research and manufacture," a large maker said.

These issues might not be raised with competition authorities in Brussels and national capitals. The same industry associations that represent chocolate users such as ice cream makers and confectioners also represent makers such as Callebaut and Grace Cocoa. Association executives in two national bodies said yesterday they could not comment because of the composition of their membership.

Mr Jacobs' grip on the industry has tightened in other ways. Groupe Barry takes him upstream into cocoa bean processing and links with farmers in the Ivory Coast, the world's largest cocoa producing nation, at a time of tightening supplies.

So far, Mr Jacobs has had largely cordial relations with chocolate users. They troop to Callebaut's "chocolate university" in Belgium to learn more about the product and Callebaut's technical services. But recent events suggest relationships could become stickier.

Roderick Oram

Jacobs sweetens investor sentiment

supposed to be in the middle of a one-year sabbatical away from his business. However, judging by the pace of his deal making over the past couple of months he may well have to ask for an extension of his sabbatical into next

In May, he announced he was merging the biggest company in his empire, the Adia employment agency, with his biggest European competitor, Ecco of France, creating the biggest company of its kind in the world.

Now he is bidding to establish himself as a global leader in a completely different field with the purchase of France's Groupe

Although the Swiss press has welcomed his latest move by riese, (chocolate giant), the bulk of Klaus Jacobs family fortune raised from the sale of Jacobs Suchard to Philip Morris in 1990 for SFr3.1bn (\$2.4bn) is now invested in the Adia temporary employment business.

It is Jacobs's success with Adia, culminating in the effective takeover of Ecco, which will probably sway investor sentiment towards the forthcoming initial public offering of his new chocolate business. Swiss investors have not had a very high regard for Mr Jacobs until now. The fact that he started off as a German (he is now a Swiss citi zen), meant that he was never part of the Zurich business establishment and minority share holders in Jacobs Suchard did not do as well as the Jacobs family in the sale of the business to

Philip Morris. When Mr Jacobs picked up Adia from the remnants of the the financial empire of Werner Rey, the fugitive Swiss financier, Swiss investors largely ignored the deal. Jacobs appeared to have paid a high price, the busi-ness was doing badly, and memo-ries of Jacobs Suchard discouraged investors from becoming minority shareholders in another

However, there is nothing like a rising share price to change investor sentiment. Adia's debt



burden has been slashed, the business has been reorganised and Adia shares which had been trading well below SF1200 have been trading above SFr300 in

Mr Jacobs appears to have won his place back in the good books of the Swiss investment community, for the moment at least.

William Hall passports are other ideas.

This announcement appears as a matter of record only

TOTAL FINANCING

CHF 159,000,000

MANAGEMENT BUY-OUT

SCHAFFNER

Schaffner Elektronik AG

from

Elektrowatt A.G.

Led, Arranged and Structured by HSBC Private Equity Zurmont Management A.G.

Equity Underwritten by HSBC Private Equity Zurmont Finanz A.G.

Debt Led, Arranged and Structured by The Fuii Bank, Limited

Coopers & Lybrand Homburger Rechtsanwähte

Clifford Chance

Raaflaub & Raaflaub Hutter & Partner



HSBC Private Equity

HSBC Private Equity Europe Limited 10 Lower Thames Street London EC3R 6AE Tel: 0171 260 9911 Fax: 0171 260 7265 REGULATED BY IMRO

Shell and Exxon to pool petroleum additives arms

By Robert Corzine in London

Shell and Exxon, the western world's largest oil companies, are to pool their petroleum additives businesses in a move that will give the combined unit a quarter of the \$6bn a year international

The proposed 50-50 venture will be formed through the combina-tion of Exxon Chemical's Paramins division and Shell's combined petroleum additives businesses. The new unit will operate worldwide.

The companies say the joint venture is a response to growing competition in downstream markets. It follows the decision earlier this year by British Petro-leum and Mobil of the US to merge their European refining, marketing and retail operations. Shell's share price rose sharply

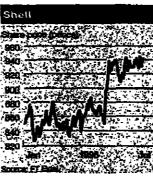
yesterday morning amid speculation that the announcement would concern more radical plans for Shell's chemicals operations or its downstream Although the proposed Shell/

Exxon deal is geographically broader than the BP/Mobil tie-up, it is confined to a single product range. The companies, however, expect "significant enhancements and efficiencies" in research and development as well as in manufacturing, marketing and distri-

Petroleum additives are used to improve the performance of fuels and lubricants, and include specialty products for use in industrial and gear oils and automatic transmission fluids. They are mainly bought by oil companies and independent lubricant pro-

The combined revenues of the two businesses last year was \$1.5bm, out of a worldwide market of \$8bn. The scope of the proposed joint venture means that it will need to be approved by competition anthorities in the US and

the European Union. Some jobs would be lost but the "majority" of the 1,600 Exxon employees and 400 Shell workers employed by the two units would be absorbed in the joint venture,



Shell and Exxon have co-operbiggest venture is in oil and natural gas exploration and production in the North Sea, but they share some downstream operations, such as oil product distribution terminals in various combines.

Of the seven petrolemn additive technology centres operated by the two companies, two are in

the UK. Shell said it was too early to say whether one of the sites would be closed

By Andrew Jack in Paris

Crèdit Local de France and Crédit Communal de Belgique, two of the world's most important lenders to local authorities, yesterday approved the creation of a joint Franco-Belgian group with combined assets of FFr1,000bn (\$194bn). The move is designed to help them respond to intensifying competition in the European

Under the proposal, CCB, which is owned by its 600 Belgian local authority clients, will float 30 per cent of its capi-

Credit Local de France

has long been courted in

a manner appropriate to its

corporate logo - an image of the youthful maiden Marianne

who serves as the historic sym-

It took five years of gentle

wooing and apparently dashed

hopes before yesterday's

detailed announcement of a proposed merger with its coun-

terpart Crédit Communal de

Belgique, which has as its logo

- dubbed Jeff - the helmeted

head of a "communier", or

It was not a step taken lightly. For Mr Pierre Richard,

chairman of Credit Local de

France, a forced marriage, a

union of convenience or one

undertaken without conviction

just would not work. There

had to be a real "communion".

yesterday, Mr Richard admit-

ted he welcomed the advances

Speaking in his Paris office

medieval watchman.

bol of Republican France.

acquire a 50 per cent stake in each other and be run by a joint management team.

Shareholders still have to approve the accord at extraordinary general meetings in October before formal implementation by the end of the year, but senior executives in the two banks have already agreed to obtain mutual approval before all significant future decisions.

Mr Pierre Richard, chairman of CLF, described the structure as an economic merger. although in the short term the

Marianne and Jeff claim

The specialist bank of the Belgian bank. The two

marriage of lending equals

institutions had long worked together, since CCB took a 5

per cent stake in CLF when it

was partially privatised in

He stressed he had always

got on very well with his oppo-

site number, Mr François Nar-

mon, and found the Belgians

But it was more than mere

social compatibility and per-

sonal qualities which explain

the link-up between the two

groups. CCB approached CLF

at the end of last year, at a

time of a growing debate in Belgium over the future of the

country's banks as competition

in the sector intensified across

Mr Richard highlights the

importance of the single Euro-

pean currency, which he both

advocates and believes will be

handicap for those who are not

The Euro will be a serious

easy to work with.

nies created to own the crossshareholdings in each of the two operational banks.

He stressed that the proposal marked a "marriage of equals", which would be governed by a common set of executives and two chairmen - himself and Mr François Narmon, head of CCB. There would also be a significant number of non-executive directors.

He said that by removing the barrier of foreign exchange risks, the development of the single European currency would lead to more concentra-

for those who are active," he says. "It is a stimulus for us"

a strong competitive advantage

for those groups which are

the trends towards concentra-

tion in Europe and accordingly

expand their lending activities

other domestic institutions,

CCB decided to turn to CLF.

attracted by the ways in which

the groups complemented each

other. Both concentrate on

lending to local authorities and

public sector projects, and there is little overlap in the

geographical regions they

Rather than tying up with

across the continent.

among the first to anticipate

He argues that there will be

the lending activities of banks. "The first companies to anticipate this movement will have a definite advantage."

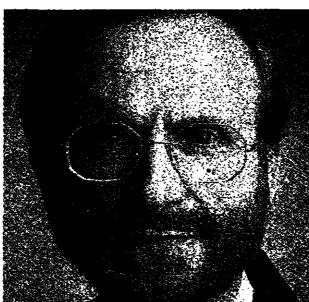
The action comes at a time of growing pressure on banks in both France and Belgium, where there have been heated debates over the past few months about the need for mergers or international alliances in order to survive.

Mr Richard said the alliance would increase the two banks' "financial clout" - improving fundraising powers, scope for joint acquisitions and solvency

was little duplication between the two institutions, so they would be able to achieve economies of scale without the need for job losses.

To compensate for its larger size, CLF will pay an extraordinary dividend to shareholders of FFr626m before the merger. The structure is being set up to ensure that French and Belglan investors in the respective holding companies receive approximately the same dividend payments despite significant differences in tax regimes between the two countries.

CCB has been associated with CLF since 1990.



around the world. Mr Richard ogether, the two banks proudly claims the lack of claim they will be duplication will result in no among the largest 20 in job losses - a factor which Europe, with total assets of helps explain why his works FFrl.000bn (\$194m) and the council approved the merger largest lenders in their niche

He stresses instead the scope for growth - stressing that "France is not enough" and highlighting the prospect of expansion, first to complete its European network by developing a presence in Italy, and then to strengthen its role in

In the short-term, the struc-ture of the "alliance" is more

In the absence of a European-wide legal statute for a cross-horder entity, they have chosen for the moment at least to operate with one quoted holding company in each country, each with a 50 per cent hasinesses which will contain the existing activities of the

two banks.
There will be identical boards for the two holding companies, and for the two operational businesses, with a common co-ordination committee and the two existing heads as joint chairman. "It is an equal marriage," stresses Mr Richard.

A question now for analysts is whether the pressures in European banking will give birth to other cross-border

Andrew Jack have not been completed".

Mannesmann wins 49.8% holding in

telecoms network

Mannesmann, the German mobile phones to tanks conglomerate, yesterday emerged as the surprise winner of a 49.8 per cent stake in DBKom, the telecoms network of Germany's railway system. The deal makes it the strongest potential competitor to chal-lenge Deutsche Telekom, the state-owned operator, when the German telecoms market is liberalised in 1998.

A final decision was made by the management board of Deutsche Bahn, the federal railway system, yesterday morning and was greeted with astonishment by executives in the German telecoms industry, including at Mannesmann

Thyssen, the steel and enginearing group which had been vying for the DBKom stake, said it was "surprised" by the decision and pointed out that its negotiations with Deutsche Bahn had progressed considerably further than those between DB and Manne 'We were a good deal nearer a final agreement than our competitors," an executive said.

Other executives close to the talks said Thyssen had made more headway but that Mr Heinz Dürr, Deutsche Bahn chief executive, and Mr Joachim Funk, who heads Mannesmann, had talked frequently in recent days.

Shares in Mannesmann rose DM13.70 to close at DM549.20 while Thyssen's stock fell DM13.20 to close at DM284.30. Executives at DB and Man-

nesmann refused to disclose the price paid for the 49.8 per cent stake in DBKom but analysts said that bids had been increased at the last minute. DB said the price for the

stake had been one of several criteria which the company had used to make its decision. Other deciding factors included what national and international telecoms connections a potential partner offered and the strength of existing telecoms activities.

Mannesmann had the upper hand, a DB spokeswoman said, because of its partnership with Unisource, the international five-way telecoms venture which includes AT&T, the largest telecoms operator.

Mannesmann's chances were

also improved because of its D2 mobile phone network, the only nation-wide digital mobile network alongside that operated by Deutsche Tele-

"Given Mannesmann's exist-ing activities. DBKom can make its entry into the market more quickly," DB said. Mannesmann said DB's deci-

sion marked an "important step" towards a final agreement between the two compa-nies. But it stressed that "negotiations and contracts

First Austrian snubs Creditanstalt plan

Plans to privatise Creditanstalt, the Austrian bank, through a link-up with First Austrian Savings Bank collapsed yesterday when First Austrian's supervisory board rejected the merger model put forward by its consortium partners. First Austrian insisted it would put only 75 per cent of its shares into the planned holding group. Under this plan, the foundation that controls the bank would keep a 25 per cent minority stake in First Austrian and would also be the largest shareholder in the holding group.

First Austrian's consortium partners, however, demanded.

that the holding group included all shares of First Austrian and Creditanstalt. This would prevent the First Austrian foundation from having undue influence over the new banking group, which would be Austria's largest, and would allow a much closer co-operation between the two banks.

The consortium was set up two years ago to acquire a 70 per cent voting stake from the government. It is led by Generali, the Italian insurer, and also includes Commerzbank of Germany and Banca Commerciale of Italy. Banking experts say they expect First Austrian to pull out of the consortium, which would then have to prepare a new bid.

which would then have to prepare a new old.

The government is hoping to net Sch15bn (\$1.4bn) for its stake in the second largest bank, but has no other concrete offers at hand. The Creditanstalt privatisation has dragged on for more than five years and has become an embarrassment to the Austrian government.

Skoda Pilsen slips into red

Skoda Pilsen, the Czech heavy engineering group, said yesterday it would post a pre-tax loss of Kč166m (\$6m) for 1995 after its auditor advised setting aside substantial sums against unpaid receivables. The loss follows pre-tax profits of Kč450m in 1994. Skoda has agreed to a recommendation by its auditor, Ernst & Young, to set aside K6442m for uncollected receivables, investments and inventories, and Kči08m for debt write-offs. It said the write-offs were an attempt to get to grips with "the unhappy heritage of the past". That heritage is thought to include up to Kö4bn it is owed by customers throughout the former eastern bloc which are unable to pay

Total sales in 1995 jumped 56 per cent to Kč27bn from Kč16hn a year earlier, and Skoda predicted they would reach Kč33hn this year. A far-flung conglomerate with interests ranging from turbines to locomotives and trucks, Skoda is viewed with caution by analysts and investors. It has attracted little investor interest because of wariness about the transparency of its accounts.

Astra goes to EC over Losec

Astra, the Swedish pharmaceuticals group, has lodged a complaint with the European Commission against Portugal for approving 13 "pirate copies" of its blockbuster anti-uicer agent Losec. Astra, for whom Losec is set to become the world's biggest-selling drug later this year, accuses Portugal's medical authorities of approving replicas of the drug based on alleged exact copies of Losec's own registration documentation.

Astra claimed Portugal's pharmacy and medicines institute, Infarmed, had violated domestic law and a European directive on drug registrations. The majority of the applications largely by local pharmaceutical companies - were based on "falsified" versions of Astra's documents, it said. Some of the drugs in question did not correspond with registration documents, but Infarmed had so far declined to revoke any

Astra, which has a 50 per cent market share in Portugal. estimates it is losing \$12m a year to Losec imitations. It initiated court action in Lisbon two years ago, but now believes the EC can resolve the matter more speedily. Greg McLoer, Stockholm

Viag to bid for MBT

Vlag. the German industrial conglomerate, yesterday confirmed it was bidding for Master Builders Technology, the building chemicals company which Sandoz, the Swiss chemicals group, is selling as a result of its fusion with Ciba-Geigy. Press reports have suggested Viag would bid up to DM1.4hn (\$919m) for MBT but Mr Georg Obermeier, chief executive, yesterday told Viag's annual meeting in Munich the price for MBT still had to be finalised. "Our idea of a price for this company has clear limits," Mr Obermeier sald. "We

cannot pay every price."

If successful, Viag would merge MBT's operations with its own chemicals subsidiary, SKW Trostberg, creating Europe's largest building chemicals group.

Michael Lindemann, Bonn

Fokker awaits Yakovlev offer

Receivers at Fokker, the Dutch aircraft maker which collapsed in March, were yesterday cautiously awaiting a renewed approach from Yakovlev, the Russian aerospace group which was among a number of prospective purchasers in earlier talks to rescue the group. Mr Arkady Gurtovoi, Yakovlev vice-president, told Reuter in Moscow that the company was preparing a Fi 370m (\$207m) offer, which it would fund through western bank credits backed by the Russian

"We seriously intend to buy Fokker before the end of this year," he was quoted as saying, while adding that several bureaucratic hurdles had to be resolved. The deal would involve relocating components assembly conducted in Germany and Northern Ireland. The indicative offer is pitched at the same level as one discussed in April, but the receivers had not replied to conditions they laid down at the time. Since then, Fokker's maintenance unit has been sold to Stork, a Dutch industrial group.

Gordon Cramb, Amsterdam

Renault and PSA Peugeot Citroen, the two big French carmakers, yesterday unveiled a new V6 engine they have developed for mid-range and luxury car models. The engine, which required an industrial investment of FFr1.3bn (\$252m) which required an industrial investment of Ffr1 3bn (\$252m) split equally between the two groups, will be produced by Française de Mécanique, their jointly controlled manufacturing company, at its plant in the Pas-de-Calais region. It will go on sale this autumn and could eventually be sold to other manufacturers.

Thyssen Stahl, the German steelmaker, has formed a joint venture with Italy's Stale Group there with Italy's Stale Group there is a stale of the stale of th

venture with Italy's Stola Group through a new company, Euroweld of Turin, in which each will have a 50 per cent stake. The venture will produce pre-cut steel plates used in vehicle manufacturing.

Ferrovic dello Stato, the Italian state railway company, is

interested in selling its 2.88 per cent stake in Istituto Bancario San Paolo di Torino but no decision has yet been taken, FS managing director Lorenzo Necci said.

Reuter, Milan

North and South America and south east Asia. Within the next four or five rears, some senior executives All of these securities having been sold, this edvertisement appears as a matter of record only believe there will be a single entity quoted in several markets which completely merges CLF and CCB. 8,165,000 Shares

MAGNA

Magna International Inc.

Class A Subordinate Voting Shares

1,380,000 Shares

This portion of the offering was offered outside the United States and Canada by the undersigned

Goldman Sachs International **Prudential-Bache Securities**

Schroders

BMO Nesbitt Burns International Ltd.

Richardson Greenshields of Canada (U.K.) Limited

Deutsche Morgan Grenfell

Investmentbank Austria

6,785,000 Shares

This portion of the offering was offered in the United States and Canada by the undersioned.

Goldman, Sachs & Co.

Prudential Securities Incorporated

Schroder Wertheim & Co.

Nesbitt Burns inc.

Richardson Greenshields of Canada Limited

Deutsche Morgan Grenfell

Merrill Lynch & Co.

Morgan Stanley & Co.

Salomon Brothers Inc. Robert W. Baird & Co.

Bunting Warburg Inc.

CIBC Wood Gundy Securities Inc. First Marathon Securities Limited Gordon Capital, Inc.

Edward D. Jones & Co.

Loewen, Ondaatje, McCutcheon Limited

Levesque Beaubien Geoffrion Inc.

Midland Walwyn Capital Inc.

Swiss power groups in telecoms venture

By William Hall in Zurich

Six of Switzerland's biggest regional electricity companies are setting up a telecoms com-pany to challenge the domi-nance of Swiss Telecom after the Swiss telecommunications market is deregulated in 1998.

The venture – to be known as DIAX – will be jointly owned, and is seeking a big international telecoms company as a partner.
The Swiss telecoms market

is worth about SFr10bn (\$7.9bn) a year and is one of the most profitable. Although Switzerland is not part of the European Union it has committed itself to following the EU timetable for the complete opening of all tele-

communications services to

competition and the elimina-

The Swiss electricity industry already has an extensive communications structure which is used primarily for operating power supply installations. Its fibre optic and microwave transmission networks will form the basic plat-form for DIAX, which plans to supply telephone services (including ISDN and Internet connections), mobile phones, data transfer and computer networks.

The six companies involved are: Aare-Tessin Electricity, BKW FMB Energy, Centralschweizerische Kraftwerke, Elektrizitätsgesellschaft Lau-fenberg, L'Energie de L'Ouest-Suisse and Nordostschweizerische Kraftwerke. They are contributing an initial capital of SFr3m and are seeking other partners in the electricity industry to join the venture.

Purchases boost Gränges refocusing

By Greg McIvor in Stockholm

Gränges, the aluminium subsidiary of Electrolux, the Swedish white goods manufacturer, has acquired two aluminium companies in the UK and Belgium and is setting up a joint venture in China.

The moves reflect Granges' drive to concentrate on core aluminium operations after the postponement of its planned stock market flotation last year. It said annual sales would rise SKr1.2bn (\$952m), helping to offset the negative impact on turnover of lower metal prices this year. The transactions included

the purchase of Bredon Group, a Cheltenham-based aluminium extrusion and systems company, and Phenix Aluminium, a foil maker near Liège. Details were not released.

Mr Lars Westerberg, Gränges chief executive, said further foreign investments were likely as part of a strategy to make the unit "deeper but slimmer", with a clear focus on aluminium production.

'appeal to investors, whose coolness to last year's fiotation resulted partly from a perceived lack of focus in

The initiative is likely to

Gränges' operations. Gränges, which sold a distri-

bution division last December in the first stage of the refocusing drive, continues to be seen by Electrolux as a noncore asset. However, Mr Wes-terberg insisted yesterday's moves were unconnected to any eventual flotation, and the matter remained dormant.

Gränges said the acquisition of Bredon would double its share of the UK aluminium extrusions market to about 23 per cent, making it Europe's second-biggest producer after Norsk Hydro, the Norwegian group. The purchase of Phentz would make it number two in the European thin foil market. The Chinese joint venture, to

produce heat exchanger material for the automotive industry, envisages an initial investment of SKr175m. Granges will take a 70 per cent stake and Shanghai Shenjia Aluminium Industry Company, its Chinese partner, the other 30 per cent.

Granges said it would be the first in China to produce automotive heat exchanger materials; most of the country's requirements are met by Japanese imports.

It said the venture would be able "substantially" to under-cut imported competition and would produce about 12,000 tonnes a year – equal to 30 per cent of the Chinese market.



ISING FIGURE IN 1995 In Chile Edities

| | or a second of the second of | | | | | | | | | •• |
|------------|--|--|--|-------------|--|-------------------|---|------------|---|-------|
| | | | | | | ķi. | | , | Alex Garage | |
| | Country: United States Sector: Metals | Country: United States Sector: Financial | Country: United States Sector: Oil Service | | Countries: The Netherlands, France Sector, CB | 1 | Country: United States Sector Ratesing | 1 | Country: United States Sector Transportation | 1 |
| | June 1996 | May 1896 | May 1996 | | May 1996 | | May 1996 | 1 | May 1996 | 1 |
| | U.S. \$333,500,000 | U.S. \$574,425,000 | U.S. \$370,514,645 | | U.S. \$72,000,000 | | U.S. \$39,563,000 | | U.S. \$38,956,95O | |
| | Titanium Metals Corporation | Berkshire Hathaway Inc. | Diamond Offshore Drilling, Inc. | | Forasol-Foramer N.V. | | Harcourt General, Inc. | | Midwest Express Holdings, Inc. | |
| -4 | Common Stock | Class B Common Stock | Common Stock The Selling Stockholders were | | Common Shares | 200 200 200 | Common Stock | | Common Stock | |
| > / | | | Alphee S.A. and Förveitnings AB Ratos | | | | | : ,, | | |
| | Bookunner: Salomon Brothers | Bookrunner. Salomon Brothers | Co-lead Manager: Salomon Brothers | | Bookrumer: Salomon Brothers | | Sole Agent: Salomon Brothers | | Bookrunner Salomon Brothers | |
| | | | | | | | | l | | 1 |
| | Country: United States Sector: Drilling | Country: United States Sector: Headings | Country Austria Sector Oil & Gas | N. | Country Philippines Sector Food | | Courary United States Sector Metals | | Country, United States Sector Healthcare | 1 |
| | May 1996 | May 1995 | May 1996 | | May 1996 | 4 | May 1996 | | May 1996 | |
| | U.S. \$150,000,000 | U.S.\$45,000,000 | U.S. \$342,125,000 | | U.S. \$65,000,000 | , | U.S. \$111,000,000 | , , | U.S. \$23,100,000 | 1 |
| | Nabors Industries, Inc. | NPS Pharmaceuticals, Inc. | OMV Aktiengesellschaft | | RFM Capital Ltd. | | RMI Titanium Company | | SIBIA Neurosciences, inc. | |
| ing in | 5% Convertible Subordinated Notes due 2006 | | Ordinary Bearer Shares in the form of Cordinary Bearer Shares or American | | 2.75% Convertible Bonds due 2006 guaranteed by and convertible into common strates of | | Common Stock | | Common Stock | - |
| | | | Depositary Shares | | RFM Corporation | | | | | - |
| 4 (s) | Bookruiner: Salomon Brothers | ···· Co-lead Manager: Salomon Brothers | Co-lead Manager: Salomon Brothers | | Bookrunner: Salomon Brothers | | Co-lead Manager: Salomon Brothers | 4 7 7 7 | Booknaner: Salomon Brothers | |
| | Oddina Districts | SEIDHINI DI DI LI | Salonial Biolica | | Seromon products | | | | Salomon Browers |] |
| | | | | | | | | | Sympletic Control of the Control of | 1 |
| i. ; | Country: Argentina Sector: Steel | Country, Finland Sector, Healthcare | Country: United States Sector: Healthcare | | Country: United States Sector: Electronics | | Country: United States Sector: Mining | | Country: Japan Sector: Financial | ١, |
| | May 1996 | May 1995 | May 1996 | | April 1996 | 1 | April 1996 | | April 1996 | |
| | U.S. \$77,738,552 | U.S. \$89,946,415 | U.S. \$147,275,000 | Ŧ, | U.S. \$250,000,000 | | U.S. \$50,000,000 | | ¥100,000,000,000 TB Finance (Cayman) Limited | |
| | Siderar S.A.L.C. Class A Shares | Tamro Corporation | United States Surgical Corporation | | SCI Systems, Inc. 5% Convertible Subordinated | | Stillwater Mining Company 7% Convertible Subordinated | | Non-cumulative Mandatory Exchangeable Preference Shares | |
| | American Depositary Shares Each Representing & Class A Shares | Shares F | Common Stock | 3 | Notes due 2006 | | Notes due 2003 | | exchangeable into common stock of The Tokai Bank, Limited | |
| | Joint Global Coordinager and Bookrunger | Joint Lead Manager: | Booksumer. | 2 () * * | Bookrunner: | | Bookrunner: | 4 | Lead Manager and Booksunner. | |
| | Salomon Brothers | Salomon Brothers | Salomon Brothers | | Salomon Brothers | * | Salomon Brothers | | Salomon Brothers | |
| | | | | 23 74 | | | | | | ļ: |
| | Country: United States Sector: Telecommunications | Country: Lineted States Section: Oil, Coal, Gas | Country: United States Sector: Technology | | Countries: Italy, The Netherlands Sector: Luxury Goods | | Country: Greece Sector: Telecommunications | | Country: India Sector: Iron, Steel | • |
| | April 1996 | March 1996 | March 1996 | | March 1996 | | March 1986 | × | March 1996 | . " |
| 4 | U.S. \$157,500,000 | U.S. \$215,000,000 | U.S. \$52,000,000 | | U.S. \$1,267,200,000 | Ž. | Dra. 127,857,536,000 | 4 4 | U.S. \$125,000,000 | |
| | Tel-Save Holdings, Inc. | The Columbia Gas System, Inc. | Eagle River Interactive, Inc. | | Gucci Group N.V. | | Hellenic Telecommunications Organization S.A. | | Steel Authority of India Limited | |
| | Common Stock | Common Stock | Common Stock | | Common Stock | | Common Stock | | Global Depositary Shares | |
| | | | | | | 1 | | | | |
| 1 | Bookunner: Selemon Brothers | Bookrunner: Salomon Brothers | Bookrunner Salomon Brothers | 1 | Co-lead Manager: Salomon Brothers | | Joint International Lead Manager: Salomon Brothers | | Co-lead Manager: Salomon Brothers | |
| | | | | | | | | 21 | ¥¥e-bjook to order | |
| e a | . G | | | | <u> </u> | 4 | | Î | | j |
| • | Country, Takean Sector, Sector, Sector and March 1996 | | Country: United States Sector: Transportation February 1996 | | Country: United States Sector: Commercial Services February 1986 | | Country: Germany Sector: Financial Buyer Private Placement / February 1995 | 2. | Country. Umled Kingdom Sector. Electronics. Electrical February 1996 | ٠, |
| | U.S. \$200,000,000 | U.S. \$110,879,044 | U.S.\$49,045,500 | | U.S. \$138,937,500 | | DM 1,000,000,000 | | U.S. \$183,960,000 | |
| | | a a | Avondale Industries, inc. | | Career Horizons, Inc. | | Limited Partnership Interests CWB Capital Partners II | | Danka Business Systems pic | |
| F., | Winbond Electronics Corporation 2% Convenible Bonds due 2003 | Common Stock | Common Stock | | Common Stock | | Private Equity Fund | , de | American Depositary Shares | |
| 447 | | | | | | | CWB Capital Partners | | | |
| | Joint Global Coordinator and Bookminger. Salomon Brothers | International Lead Manager: Salomon Brothers | Bookrunner: Salomon Brothers | | Booknumer: Salomon Brothers | | Global Advisor and Lead Placement Agent: . Salomon Brothers | | Co-manager and Financial Advisor. Salomon Brothers | ĺ · |
| | | <u> </u> | | | | | | * 1 | Salomor Brodlets | |
| | | 3 | 3 | 7.4 | | | | į | | |
| | Country: United States Sector: Healthcase | Country, United States Sector, Technology | 1 3 | | Country: United States Sector: Minerals January 1996 | | Country: United States Sector: Healthcare | | Country United States Sector Minerals | |
| | February 1996 | n há | U.S. \$132,000,000 | X | January 1996 U.S. \$23,718,750 | 1 | January 1996 | | January 1996 U.S. \$242,962,500 | |
| | U.S. \$25,350,000 | 2 | Forest Oil Corporation | | Hecla Mining Company | 美 | U.S. \$36,918,750 Integra LifeSciences | 劉 | | , · · |
| | Impath Inc. | ULTRADATA Corporation Common Stock | Forest Oil Corporation | | Hecia Muning Company Common Stock | | Corporation Common Stock | | Newmont Mining Corp. Common Stock | |
| 72. | Common Stock | Consiston Stock | · | | Constitution States | | Comfined Stock | | Continue Stock | |
| : F | Bookrunner: | Bookmaner: | Bookrunner: Salomon Brothers | | Lead Manager: Selomon Brothers | | Sockrumer: | | Lead Manager. | |
| 7, 1 | Salomon Brothers | Salomon Brothers | Saminon protects 13 | 44 | Selonion Brothers | 1 | Salomon Brothers | **] | Salomon Brothers | |
| . <u>.</u> | | Company of the second s | Annual Control of the | | Control of the Contro | 2.75 | · 我们是我的最后,他就是这个女子也是一个一个一个 | | 174% C 1 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 | Ţ., |

Salomon Eighers

STATE OF A PLACEMENT OF THE STATE OF THE STA

ditanstalt pla

By Richard Tomkins in New York

Procter & Gamble, the US consumer goods company, yesterday launched a \$1bn share buy-back and announced a 12.5 per cent dividend increase as part of an effort to reassure investors about the overall

health of the business. It warned that growth in earnings per share would slacken in its fiscal first quarter to September, mainly because of weakness in its healthcare business, but said it.

sluggishness in the second half of its 1996-97 year. Analysts surveyed by First Call, the research service, had

been predicting earnings per share of \$4.81 for fiscal 1996-97. In a conference call with analysts Ms Sara Mathew, assistant treasurer, said Procter & Gamble was "comfortable" with the range of estimates. The company's shares fell \$% to \$87% in early trading yester-

Although Procter & Gamble has made previous share repur-

schemes, its \$1bn buy-back expected to be completed in 1996-97 fiscal year - will be its first big repurchase programme.

Mr Clayt Daley, treasurer, said the company had previously used cash surpluses for acquisitions. But in 1995-96, acquisition activity was lower and the company was running a cash surplus of more than \$1hn. With the increase in the annual dividend from \$1.60 to \$1.80 a share Mr Daley said the company would return

strating its commitment to last year's decision to switch to delivering "superior" shareholder returns.

Explaining the slowdown in first-quarter earnings growth, Ms Mathew said 1996-97 would be "an investment year" for the healthcare business, and higher investment spending combined with lower volumes would particularly affect the first quarter figures.

Other factors affecting firstquarter earnings were currency effects - although hedging operations should make e neutral for the year -

Ms Mathew acknowledged that the switch to value pricing had been "painful", but said it had been essential to move to a more transparent business environment. The move had set the stage for continued profit improvement in Procter & Gamble's European

operations, she said. "Now we have turned the corner in the implementation process, we should benefit from this change in the current fiscal year - particularly in the second half," she said.

Gencor lifts its holding in Alusaf

By Mark Ashurst in Johannesburg

Gencor, the South African mining and metals group, has bought a 32 per cent stake in Alusaf, the country's primary aluminium producer, increas-ing its interest to 73 per

The move is a vote of confidence in the export potential of Alusaf's new Hillside Smelter in KwaZulu Natal province, which Gencor hopes will further its ambition to become a world-class comm ities producer. The group will offer a further R1.8bn (\$415m) for the balance of shares held by minoritles including Sanlam and Old Mutual, the insurance groups, and Eskom, the state electricity supplier. The R1.3bn Hillside smelter,

which began full production on June 21, has an annual capacity of 496,000 tons of primary aluminium – almost 5 per cent of the world market. A pre-feasibility study for a second smelter near the Mozambican harbour capital

of Maputo is under way. Gencor previously held 41 per cent of Alusaf, and has acquired the 32 per cent stake held by the state-owned Industrial Development Corporation in a deal worth almost R2.2bn. But it has chosen not to finance the deal, using the R1bn netted last week from selling its 15.3 per cent interest in Malbak, the South African food, pharmaceutical and

retail group. In place of cash, the Industrial Development Corporation has accepted an entitlement equivalent to 185m Gencor shares, which may not be exercised within three years. After that period Gencor may settle in either cash or shares, although the IDC has the right to call for up to 25 per cent of the settlement to be paid in

Gencor equity.

The IDC, which has been instrumental in promoting the new Alusaf smelter, has made a paper profit of R1.2bn since its first investment in the project in 1992. Alusaf is the largest smelter ever built in a sin-

It is a mark of the changing fortunes of South Africa's primary aluminium sector that although other commercial porting Alusaf, Gencor is hop-ing to find foreign backers to fund the Maputo smelter if the current study is successful.

Mr Brian Gilbertson, chairman of Gencor, expects Alusaf to earn at least R1.5bm a year in foreign exchange. Capital intensive industry in South Africa is favoured by an abundant supply of low-cost elec tricity generated from coal, a legacy of attempts by the gov-ernment to develop self-sufficiency in energy during the isolation of the apartheid era.

Magellan fund hit by redemptions

The Magellan fund, run by Fidelity investments, the US mutual fund group, suffered redemptions in June following the resignation of Mr Jeffrey Vinik, its portfolio manager, late in May. The fund's performance slipped further behind the return so far this year on the Standard & Poor's 500 index. The fund's net asset value fell from \$56bn at the end of April to \$54.5m at the end of June Fidelity said it did not publish specific figures on redemptions, but confirmed there had been an outflow of cash from the fund. The pace of redemptions had slowed, the company said, and most of the money taken out of the fund by investors had been redirected to other Fidelity equity funds. The return on the fund to the end of June was 2.31 per cent, which compares with 10.10 per cent from the Standard & Poor's 500.

Mr Boh Stansky, the new manager, officially took charge of the fund at the beginning of June. Maggie Urry, New York

Cominco buys Peruvian stake

Cominco, the Vancouver-based metals producer, has bought a 26 per cent interest in Peru's Inversiones Colquijirca, which owns 51 per cent of a lead and zinc mine near Cerro de Pasco

in the country's central highlands.

Terms of the deal were not disclosed. Cominco has become increasingly active in Peru in recent years, including the purchase of a zinc refinery near Lima in late 1994. The Colquitirea mine processes about 2,100 tonnes of ore a day, and controls nearby zinc, lead and copper deposits.

day, and controls hearby zinter that a support the San Cominco said preliminary estimates suggested the San Gregorio property may be the largest undeveloped zinc deposit Bernard Simon, Toronto

CKI offer heavily oversubscribed The global offering of Cheung Kong Infrastructure Holdings

Brewers

A.

1.3

Cambrio fle

Owngradet

Con to

Education and

Park to the second

क्षाया ।

24.15.15.15.1

陸教授 (25年 年 20日

de Brate.

Barrell Dane Real than the second

Mar Figure

E Table . .

B. Garage Mary II.

Mary Park I The second

GT US SMALL

postered literatus

MARCAL CE

The state of the s

Service Servic

Fred California (Communication)

Charles .

(CKI), which is being spun off from Cheung Kong, the property development company controlled by Mr Li Ka-shing, has been heavily oversubscribed, bankers said yesterday. The Hong Kong initial public offering of 29.78m shares is understood to be about 23 times subscribed, and the international placement of 263.02m shares 25 times subscribed. Shares were priced at HK\$12.65 a share.

CKI will raise net proceeds of HK\$4.16bn (US\$537m). While

analysts have viewed the company as overdependent on the construction sector, most agreed the offer would succeed because of the Cheung Kong name. CKI receives an estimated 70 per cent of its revenues from its cement and concrete activities in Hong Kong.

TNT link boosts logistics side

TNT, the Australian transport group, has announced a link with Computer Sciences Corporation, the US information technology provider, aimed at expansion in the world logistics business. Mr David Mortimer, TNT managing director, said yesterday the link, described as a strategic alliance, would give the companies a strong competitive advantage in the logistics industry.

Mr Mortimer said the companies were trading in Europe as E2E, a company based in Amsterdam and focusing on cost reduction for customers in large cross-border contracts. TNT, which entered the logistics business three years ago, is projecting revenues of about A\$1.5bn (US\$1.17bn) from the Bruce Jacques, Sudney

Gannett to sell outdoor unit

Gannett, the US media group, is to sell its outdoor advertising division to Outdoor Systems of Phoenix, Arizona, for \$690m. Mr John Curley, Gannett chairman, said the proceeds of the sale would go to paying debt. The sale would also allow Gannett to focus on its core businesses, including recently

Dickson considers

Analysts in Hong Kong project than any it has

Nichols, and since then has spent just HK\$180m to take control of the up-market Seibu chain's department stores in Hong Kong and Shenzhen.

Analysts reckoned the market would welcome an offer by Dickson for Barney's, as it would increase the group's geographic exposure and give Hong Kong its first truly inter-national retailer. Mr Lindsay Cooper, at Crosby Securities in Hong Kong, said the group would avoid the problems that Isetan encountered in its alliance with Barney's by assuming full control, rather than keeping the original manage-ment in place. He said: "The problem Isetan

had was that management control was still very much with the original family that founded the company. I would imagine if Dickson did buy Barney's, it would have full control Mr Poon and his team are competent business managers so I think they would be running the show, as they did with Harvey Nichols." Even if talks do not lead to a

sale, analysts see mileage for Dickson in introducing brand names carried by Barney's. This could lead to distribution deals, with Dickson represent-ing the labels in Asian markets. If a sale does go ahead,

FURSUANT TO VOLINTARY LIQUIDATION IN THE CAYMAN ISLANDS OF THE POLLOWING NAMED 11 MUTUAL FUNDS RECOLLAIDED INDER THE MUTUAL FUNDS -LAW OF THE CAYMAN ISLANDS AND THESE MUTUAL FUND MANAGERS:

TAKE NOTICE THAT, creditors (if may) of the above maned companies are required, on or before July 31, 1996, to send full perticulum of their debts or claims to the Sons Liquidaness of the above maned Crymon Islanda regulated material funds and manual fund managers.

This Notice is intend by Mr Christopher D Johnson and Alon J Davies of Coopers & Lybrand, Caymer Islands, Joint Liquidators. Stemon. Joint Laguidation.
The address of the Joint Libraridatory in:

between \$2.7bn and \$2.8bn to chases to offset dilution caused expected to make up for the by executive compensation shareholders in 1996-97, demon-Dollar rise imperils foreign income of US business

By Richard Waters

in New York The recent rally in the US dollar is set to suppress earnings growth at many US-based multinationals for the second quarter of this year, according to Wall Street analysts and early indications from compa-

The translation impact from the dollar's rise - reducing the sharply. After more than three

dollar value of sales and earnings which have been genersted in other currencies - will wipe "several [percentage] points" off second-quarter earnings and is set to continue into the third quarter, said Mr David Schulman, US equity strategist at Salomon Brothers. The currency effect comes at

a time when US corporate

years of double-digit gains, US companies are expected to report year-on-year earnings per share growth of only about 7 per cent for the second three months of this year.

Among companies which reported second-quarter results yesterday, Abbott Laboratories, one of the US's biggest healthcare concerns, said that earnings have already slowed the stronger dollar had wiped more than 5 per cent off its

international sales growth dur-ing the period. Despite this, the company's international sales still rose by nearly 7 per cent in the period, to \$1.1bn, and its after-tax earnings advanced by 11 per cent to \$470m, or 60 cents a share.

The rise in the currency may have contributed to a recent fall in stock prices in the technology sector, Mr Schulman said. Sectors with significant

ceuticals and cars, will also be affected, he added. The impact of the stronger dollar on the competitiveness of US industry is unlikely to be felt for some time. However, concerns have already begun to surface in some industries

which are particularly vulnerable to international competition, in both foreign and

Las Vegas puts its money on themed casinos

R ien ne va plus - the roulette croupier's famous cry before the big wheel stops and the little white ball picks its winners are words unlikely to be heard for the foreseeable future in America's gaming halls. Despite the recent flurry of

takeover, joint venture and investment activity, the shuffling of chips goes on. Hilton Hotels, which last month paid \$2bn for Bally Entertainment, is now believed to be talking to Coast Resorts. owner of the Barbary Coast casino in Las Vegas. A deal would bring to four Hilton's

tally of properties on the Nevada city's famous "Strip". Aztar Corporation, best known for its established Tropicana hotels, and seemingly short of the funds needed to dress up its faded if well-positioned Las Vegas casino, is another likely candidate for a

The Las Vegas Tropicana, in common with other "traditional" venues on the Strip, has found itself effectively surrounded by more recent themed casinos decked out in sits the black pyramid and mock-stone sphinx of the Luxor, the property of Circus Circus, which has just broken ground on a \$240m expansion

to add two more pyramids. Across the way it is con-fronted by a brand-new prop-erty, the 3,000-room Monte Carlo "mega-resort" loosely and expensively modelled on the Monegasque city's Place du

Opening this December on the same block is New York -New York, which brings a on building new casinos and

desert city, while the MGM Grand has budgeted \$700m for a revamp of its lion-faced monless than three years ago.

The attractions of the Tropicana's charming menagerle and its claim of having the longest-running show in the town - even if it goes under the name of Folies Bergère - fade almost daily in today's fevered environment.

Further down the Strip, Bally starts work next month on a \$500m "Parisian" resort which will boast a front door replicating the Arc de Triomphe, and a 55-storey copy of the Eiffel Tower for anyone who misses the point.
The "theming" of Las Vegas

has been under way for years as the city's counter to competition from other states which have liberalised their gaming laws. The process has also been driven by a desire to widen and rejuvenate a customer base dominated by 45-

year-old blue collar players. Success has more than doubled the number of Nevada's visitors in the past decade to Vegas Strip alone, which has added 20,000 hotel rooms in the past six years, now accounts for almost 10 per cent of the national gambling take of

The process has accelerated lately with decisive expansion by rich, respectable, internationally-known corporations such as Hilton and ITT into territory once deemed tainted by mobster connections.

ITT, which last month unveiled plans to spend \$2.5bn

All of these securities have been sold. This announcement appears as a matter of record only.

NORTHUMBRIAN

Placing of 69,937,105 new Ordinary Shares in

Northumbrian Water Group Plc



Chip of the desert; the Luxor is adding two more pyramids to its casino and hotel in Las Vegas

refurbishing its Caesar's World properties in Las Vegas and its east coast counterpart, Atlantic City, struck a deal days

later with Planet Hollywood. The theme restaurant success of the 1990s - featuring screen memorabilia and food to will be decked out in green baize and relaunched in a chain of casinos with a start-up investment of \$1.3bn.

The scheme mimics and dwarfs the year-old Hard Rock casino-hotel majority-owned by Mr Peter Morton, who last month surrendered full control of the international Hard Rock Cafe chain to Britain's Rank Organi-

sation. ITT will pay for the building

of the Planet Hollywood prop-

erties and will take an 80 per cent stake in the joint venture in return. As in the case of the group's earlier announcement, Las Vegas will get the lion's share of the investment.

This clustering of casinos with different themes is an where visitors typically wander up and down dipping in and out of the various attractions until they settle on one where they feel lucky.

Circus Circus, for example, which is exploring yet another avenue to new markets with a deal to open "luxury" gaming halls in concert with the upmarket Four Seasons Regent hotel chain, owns a mile-long section of Strip properties. Its "Masterplan Mile" strat-

egy, formally announced last

autumn, is designed to capture

work of half a dozen casinos linked by a monorail and moving walkways. By the end of the decade the company aims to double its room tally in Las which implies an increase of more than 10 per cent in the entire Strip's room capacity from a single group. Such extraordinary ambitions are becoming almost

a substantial chunk of the resi-

dential and passing trade within a closely-packed net-

commonplace in the overheated atmosphere of Sin City, where those who lack a grander design or a dreamier theme than their competitors appear to be guilty of a sin even greater than having no money to gamble away.

Christopher Parkes

bid for Barney's

By Louise Lucas in Hong Kong

Dickson Concepts, the Hong Kong-based luxury wholesaler and retailer, is considering a bid for Barney's, the bankrupt New York retailer, although the company stressed talks were at a preliminary stage and may not result in an offer

ann may not resum in an other being made.

Mr Dickson Poon, chairman of Dickson Concepts, said: "We are looking at Barney's...it's at an extremely early stage and may or may not lead to our making an offer." Other parties are understood to be considering bidding for the US retailer.

reckon Dickson has the expertise and experience to turn round the ailing store chain, citing its record with Harvey Nichols, the UK department store it bought in 1991 and floated in April. But they agree reviving the fortunes of Barney's, which filed for Chapter 11 bankruptcy protection from creditors in January and is embryiled in a least true with a state of the st embroiled in a legal tussle with isetan, a Japanese retailer with which it formed an alliance, would be a more ambitious

attempted in the past.
Dickson's cash balance of
more than HK\$1.2bm (US\$155m) would help fund any acquisi-tion. The company raised some a showcase for Dickson in the £64m (US\$99m) through the US.

The state of the s

with Warrants to subscribe for shares in Lyonnaise des Eaux S.A. raising £120 million



INDOSUEZ CAPITAL NM Rothschild & Sons Limited

Fall in semiconductor orders indicates industry slowdown

By Louise Kehoe in San Francisco

Motorola has kicked off what is expected to be a dismal round of earnings reports from the US semiconductor industry.

Not only were semiconductor sales down 5 per cent in the quarter, but orders booked in the period were down by 34 per cent, signalling even slower sales in the coming months. The third largest US chip-maker after Intel and Texas

instruments, Motorola will not be alone in reporting a sharp drop in chip revenues for the June quarter, according to industry analysts. Several other chipmakers have already warned that their results may disappoint.

Advanced Micro Devices

expects lower sales, while Cyrix has projected a loss for the quarter. Both compete with Intel in the market for microprocessor chips used in personal computers. Among smaller chip companies, Altera has issued a profits warning and cut its work-force. Brooktree expects a loss for the quarter. Integrated Silicon Solutions has warned that earnings will fall below those

for the first quarter of the year. Lattice Semiconductor expects an 8-10 per cent shortfall in sales, and Sierra Semiconductor has forecast lower sales and earnings.
Last month National Semiconductor and Micron Technologies both reported sharp drops in earnings for their fis-cal quarters ending in May.

It all adds up to a broad slowdown in semiconductor

sales that now appears to be

affecting many product types beyond the "commodity" mem-

ory chip segment, which has

been slow for six months.

Motorola postpones expansion

Motorola, the US semiconductor and telecommunications equipment group, reported a 32 per cent fall in second-quarter earnings and said it would postpone plans for expanding semi-conductor output, writes Louise Kehoe.

The company blamed heavy price competition and weakening depend in the expansions of the company blamed heavy price competition and weakening

demand to the semiconductor sector as well as pricing pressures in the cellular telephone market for a result that was signifi-cantly lower than expected. Costs associated with introducing new cellular phone technologies also reduced earnings, it said.

Revenues for the second quarter were \$6.83bn against \$6.88bn last year. Net income fell to \$326m, or 54 cents a share, against

\$481m, or 79 cents, a year ago.

Analysts had been forecasting a decline, but were expecting earnings of about 68 cents. "We expect the factors that have affected second quarter earnings to continue," said Mr Gary Tooker, Motorola vice-chairman and chief executive. "We are selectively deferring capacity expansion programmes."

in the semiconductor sector, Motorola said sales fell 5 per cent to \$2bn and orders declined 34 per cent. Cellular telephone revenues fell because of lower prices, although sales of equipment used by service providers rose. In the messaging, information and media sector sales rose 20 per cent to \$1.1bn.

One cause of slower chip sales is a change in the buying patterns of US personal computer manufacturers, which are among the higgest consumers of semiconductor chips. Prompted by sharp price falls for memory chips, PC manufacturers are reducing their stocks of many types of semiconductor components, say industry analysts. This has caused a slowdown in orders as the PC makers work off existing inventories, which were in any case bloated by lower-than-expected PC sales

last Christmas. There are some signs, however, that the shump in semiconductor sales may already

have bottomed. The North American book-tobill ratio, a closely watched indicator of the industry's health, rose in June, according to new data released this week

by the Semiconductor Industry Association, a trade group. For June the ratio, which measures the value of new orders booked versus sales revenues, was 0.91, up from a

revised figure of 0.83 in

May. New chip orders booked increased slightly, from \$3.09bn in May to \$3.11bn in June. Analysts said this indicates that order activity may be about to pick up. Sales continued to decline, however, from \$3.7bn in May to \$3.43bn in June, a 7 per cent drop.

Despite the general slow-down in semiconductor sales; Intel, the world's largest chipmaker, is expected to show continued strong growth for the June quarter. Analysis are projecting earnings of \$1.09 a share, a nine per cent increase over 99 cents a share in the same period last year.

LEGAL NOTICES

LAW OF THE CAYMAN ISLANDS AND THEIR MUTUAL FLYIN PLANTAUMANN
American Real Estaté Growth Fund Lindied,
inchorage International Fund Limited, Argentina Income & Growth Fund Limited,
ingentina Lucane & Growth Fund Minnager Limited, Brazilian Growth Fund Limited,
Brazilian Growth Fund Minnager Limited, Connectical Fund Minnager Limited,
Donce Investment Fund Limited, Ocardian Croftle Fund Limited,
Liberty Fund Minnager Limited, Metico Capital Fund Limited,
Metico Capital Fund Limited, Metico Capital Fund Minnager Limited,
Practic Rim Fund Limited, Metico Capital Fund Minnager Limited,
Providence Fund Manager Limited, Stanford Fund Minnager Limited,
Strategic Investment Fund Limited, Vancanala and Latin America Fund Limited,
Vancanala sted Latin America Fund Minnager Limited,
Strategic Investment Fund Limited, Vancanala and Latin America Fund Limited,
Vancanala sted Latin America Fund Minnager Limited
EE NOTHEE THAT: creditors (if my) of the above maned companies an acquined on or before J

in default thereof such crotimes will be excluded from the benefit of any distributions from the said companies made before such debts are proved.



Funds

ellan fund hi

demptions

翻磨 神经环线 医巴特氏病

kson conside

for Barneyi

. 24

£.-.

. . . - -

...

. . .

1,1,14

5000 $\tau = 0$

7-4-77

September 1

Service Control of the Control of th

Transfer Marine 18

--

high streets is recovering.

Analysis said Dixons would do particularly well because spending - including windfall building society payouts - was being directed more towards consumer durables than clothing. It is the country's biggest seller of personal computers where sales are growing rapidly - and should see higher white good sales due to the

By Christopher Brown-Humes Profits before tax and exceptionals rose from £100.3m to Dixons, the UK's biggest £135.2m (\$210.9m) in the year electrical retailer, yesterday to April 27. The pre-tax figure provided fresh evidence of ris-ing consumer confidence as it was £101.5m after an exceptional £33.7m write-off relating reported a 35 per cent jump in to a failed US investment, underlying profits and a strong

start to the current year.

Sir Stanley Kalms, chairman,

said: "Against the background

financial year is promising."

The upbeat assessment confirms the views of other leading retailers, including Marks

and Spencer and John Lewis,

that sentiment in Britain's

By David Blackwell

Matthew Clark, the acquisitive

drinks company, yesterday

blamed a sharp reduction in

brewers' discounts on draught

its wholesale division.

beer cutting profits in half at

The collapse in wholesale

profits, coupled with higher

than expected exceptional

charges for restructuring, disappointed the City, and the

shares fell 17p yesterday to

close at 743p. Operating profits

at Freetraders, the wholesale side that takes 100,000 barrels

of beer a year, tumbled to

£2.7m (£5.3m), and margins fell

to 1.7 per cent (4.4 per cent).

Mr Peter Aikens, chief execu-tive, said 18 months ago the

group had been buying beer on

the same terms as pub groups,

but now it was paying £40 to

believed there was no further

The figures underline the group's dominance of the UK Shares in the group rose electrical retailing sector, 14.5p to 530p, as analysts sharply upgraded their profits forecasts for this year. where its 17 per cent market share dwarfs competitors such as Comet and the regional electricity companies. It reinforced its lead last year by lifting its of improving consumer confimarket share in PCs, brown dence, the outlook for the goods, white goods, and mobile phones.

One analyst said: "This is a real quality story. They are doing absolutely everything

Like-for-like sales rose 11 per cent, lifting total retail sales by 28 per cent to £1.9hn. The cent rise in retail selling spa jump in PC sales. Currys Superstores, PC World and The Link, were all expanded aggressively. The star performer was PC

World, the computer specialist, where sales more than doubled

Matt Clark return to black

the wholesaling business pres-

ers and pubs continued to frag-

The group returned to the

black in the year to April 30, with pre-tax profits of £17.2m

(\$26.8m) after exceptionals of

£25.1m for restructuring. This

compares to a pre-tax loss of

£11.3m after exceptionals of

Group sales rose by more

£32.7m in the previous period.

than half to £451m, with acqui-

sitions contributing £99.4m.

Wholesale sales accounted for

£162.6m, up more than a third.

the group to second place in the UK cider market behind Bulmer, said the group was

planning for organic growth

through its collection of lead-

ing brands, including Gaymer's

Olde English and Taunton

Cider's Blackthorn. "The dis-

Mr Aikens, who has driven

ented a great opportunity as talls arup."
the tied system between brewOperfing profits in the

Brewers take fizz out of



store refurbishments, and a Stanle Kalms: his upbeat assessment confirmed the views of other leading retailers

jumper 30 per cent. Sales at Dixons the high street chain speciasing in personal and portabl electronics, rose from £522m | £578m (9 per cent likefor like while sales at Currys, which inncentrates on larger

water to behind us, and all

brande drinks division

jumpedfrom £17m to £41.2m,

with migins jumping from 9.5

per cen to 14.3 per cent. The

sales inreased 61 per cent to

£288.4mincluding £65.6m from

of the K cider market after

paying 105m for Gaymers at the endof 1994 and £275m for

Taunto last November. It is

concentating on Olde English

for theoff-trade and Black-

Mr Alens admitted that the

disrupon of integrating the

two achisitions had damaged markethare for both brands,

but i was too early to

break out their individual

thorn f the on-trade.

The goup claims 41 per cent

acquisions.

Dixons profits leap 35% to £135m

white and brown goods, jumped 16 per cent to top the £1bn-mark (a 10 per cent rise. like-for-like). The Link, a tele-communications specialist. saw sales leap from £1.8m to

Retail operating profits climbed 38 per cent to £125m. BZW upgraded this year's profits forecast from £160m to £190m, while Kleinwort Benson increased from £160m to

Laporte nears end of disposal plans

Laporte, the UK's fourth largest chemicals company, completed the bulk of its divestment programme yesterday, raising £23.5m (\$36.7m) by disposing of non-core busi-nesses and saying it would invest £19m in its electronics

The sales, which follow Laporte's divestment from most of its Australasian businesses in June, mean the com-pany has received more than £52m cash in two months. Mr Jim Leng, chief executive, said Laporte planned to sell further companies representing "a bit

more" than £10m in turnover. The businesses sold yester-day made operating profits of £1.9m on sales of £22.3m in 1995. They are Gramos, a Birmingham-based process chemi-A firl dividend of 15p is procals business; Countdown posed, ifting the total for the Clean Systems, a cleanroom

Minerals, a US pet litter business; and Laporte's 50 per cent stake in Laporte (Malaysia), an absorbents business.

They have been sold for a £7.9m premium over net asset value, but there will be a goodwill write-off of about £14m. Analysts left their pre-tax profits forecasts unchanged at £120m. "The businesses they are selling are frankly virtually unprofitable," said one.

Laporte made restructuring provisions of £88.7m last December when it decided to sell off non-core husinesses accounting for 10 per cent of its sales.

Laporte will invest £19m in the next two years to expand its reprocessing facilities for high-margin electronic silicon wafers, used in making semiconductors. Of the money, 58.5m will be spent on expanding existing facilities in the UK and France, and £12.5m on a

Somerfield float could raise up to £570m

By Christopher Brown-Humes and David Blackwell

Somerfield, the UK's fifth biggest supermarket chain, is today expected to set an indic-ative price range for its flotation which would raise between £530m and £570m

The range suggests Somer-field is holding its nerve in the face of a tougher new issues market and adverse comments

on the group's prospects. Dramatic evidence of the market problems emerged yes-terday when Monsoon, the fashion retailer, abandoned

Somerfield's flotation prospectus is due to be published

Indications early this week suggested that institutional investors would take a lot of convincing to take the stock, except right at the bottom end of the range.

If Somerfield is floated according to the range in the prospectus, it will put the group on a price/earnings multiple of between 9 and 10 times. This is a substantial discount to the market - but not as big as some analysts have suggested is necessary to ensure success. One analysi said yesterday he had expected pricing to be between £450m and £500m.

However, the prospectus will include a provision to set a price outside of the published range, although such a move is unlikely to impress potential investors.

Last month Jarvis Hotels came to the market via a bookbuilding exercise. At the last moment it raised the top of its range to 180p a share - well above the 150p-170p set in the prospectus. The final price was 175p, but the shares have since languished and closed yesterday at 171½p.

Somerfield maintains that it has had a positive reception both from institutions and its own shoppers. It has undergone a strong recovery since Mr David Simons became chief executive in 1993, culminating in a 43 per cent jump in operating profits to £100.5m last

LEX COMMENT

Dixons

Dixons is sitting pretty as the dominant force in a growing market. Demand for electrical goods has risen by 7 per cent a year over the past decade, almost three times the rate of consumer spending generally. That should continue, with a raft of new products like flat screen televisions likely to attract more than their fair share of those building society windfalls. And Dixons is pulling away from the competition. Its market share in white and brown goods is already 20 per cent - twice

1994 that of nearest rival Comet and rising as regional electricity companies and Escom of Germany (which bought most of the former Rumbelows shops in the UK) have run into trouble. Yesterday's 35 per cent increase in underlying profits showed the group reaping the

For now, Dixons should just keep on doing what it is doing already; opening more out-of-town sites: expanding its success ful PC World computer format; and investing in distribution and customer service at a pace that rivals cannot match. Capital spending was 2.4 times depreciation last year and the ratio will be similar again this time. With Dixons' disastrous diversification into the US fresh in the directors' minds - the final £34m write-off was taken in these figures - there is little danger that the company will stray into foreign markets. And for the next three years there is plenty of room for expansion in the UK. After the massive outperformance of the past 18 months, the shares are trading on a lofty 19 times expected current-year earnings. But they offer earnings growth to match and still look attractive.

Ivernia West raising I£41m via rights issue

By Jane Martinson

Ivernia West, the Irish minerals exploration company. is raising I£41.25m (£43.3m) from a rights issue to reduce debt and finance the development of a zinc-lead mine. The issue is on the basis of

one convertible loan stock unit, priced at 80p, for each ordinary share. The shares were unchanged at 90p yester-

Payment for the loan stock will be in two equal instalments. The second one wil be delayed until planning permission is granted to the Lisheen Mine, the second largest zinclead deposit in Europe, or July 1 1998, whichever comes first.

instalment, the loan stock immediately converts into ordinary shares. The mine, in County Tipper-

ary, is a joint venture between Ivernia and Minorco, part of the Anglo American Corporation of South Africa. Minorco, which also owns 24 per cent of Ivernia, has agreed to pay about I£9.9m to take up its rights to 12.3m loan stock

The remaining 39.2m units have been underwritten by the new broking partnership of ABN AMRO Rothschild, acting through Riada, the Dublin stockbroker.

Ivernia's current net debt of IS8m - which gives gearing of 76 per cent - will be wiped out

Cambrio flotation value downgraded to £20m

By Simon Kuper

The biotechnology sector suffered another blow yesterday when Cambrio said its valnation at flotation would probably be only £20m (\$31.2m) the bottom end of its revised target set last week - and postponed its entry to the market until the end of the month.

In June, the Cambridgebased drugs company had been hoping for a £25m valuation and an impact day of July 4. Mr Richard Onyett, a director, said that Henry Cooke Corporate Finance, sponsor of the float, was "continuing to market" the shares to institutions.

However, institutions have been asked to invest in five biotech flotations and several rights issues on the main market alone in the last few

RESULTS

Border Television — Compco — Dixons Group — Domino Printing —

months. British Biotech launched a £143m rights last month; Cambrio is hoping to raise £10m.

Mr Onyett said it was wrong to link Cambrio to the biotech sector, in which most stocks have fallen in recent weeks. This meant that unlike a typical biotech company, Cambrio already had one product on the market - Paradote, an overdose-protected paracetamol and another, a thalidomidebased drug for Aids, that was already being sold to patients although it was still undergoing clinical trials.

Cambrio suffered pre-tax losses of £342,000 (£1.13m) on sales of £4.2m (£4.96m) for the year to March 31. The main operating subsidiary is Penn Pharmaceuticals, a private company.

Amlyst joins board of inlisted Phairson

Mr Dier Cowling makes the rare jup from an analyst's job to orking for a biotechnology corpany tomorrow, when he leaes James Capel, the stockbaker, to become director of hisiness development at unliste Phairson Medical.

Mr Gwling is part of the Capel'seam that took second place ir Extel's annual survey of heah care analysts and third race in its survey of pharmaenticals analysts. At 31te has worked nearly a

decadein the City, having spent fie years as an analyst at Nomra Research Institute and for years at Capel. He said: "Itidn't realise it would happen's quickly as this, but I always hought if an offer came tan the right company

consider it." Phairson, founded in late 1993, is developing products using the compound PHM-101, an enzyme discovered in a species of Antarctic Krill. Five phase II clinical studies have been completed for use of the compound to combat infections including genital herpes and post-partum haemorrhoids.

Clinical trials in acne, fungal nail infections and genital warts are still being carried out. Mr Cowling said: "The product definitely has biological activity, but we don't know what this will mean therapeu-

tically yet."

Phairson is thought to have no immediate plans to float given the market's sceptical attitude to biotechnology stocks in recent weeks.

4.1

5 4.8 3.24 7.25 10.1

Number 1 in the Eurolira Market in 1995



Abbey National

Lire 275 billion 11% Callable Notes

due 1998



Abbey National Lire 200 billion 11% Notes

due 1997

Republic of Austria Lire 200 billion Zero Coupon Notes due 1998



Line 200 billion 12% Notes dae 1997



Lire 150 billion Zero Coupon Notes

due 1997



Crédit Local de Franç Lire 300 billion Zero Coupon Notes

due 1997



Lire 300 billion 10.45% Notes due 2000



PEPSICO

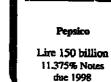
European Investo Lire 1,000 billion Floating Rate Notes dne 2000

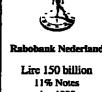


Lire 100 billion 10.375% Notes

Helaba

Helaba Frankfort Lire 300 billion 11% Notes due 1998







11.05% Notes

Lire 250 billion Zero Coupon Notes



due 1996



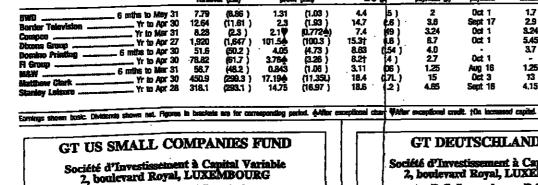


World Bank Lire 250 billion 10.60% Callable Notes

In 1995, for the second consecutive year, Credito Italiano ranked as the Leading Bookrunner in the Eurolira Bond Market having Lead Managed 24 bond issues totalling Lire 2,800 billion with a market share of 14.2%

> CAPITAL MARKETS DEPARTMENT Head Office, Piazza Cordusio, 20123 Milan





6 mits to May 31 7.79 (8.86) Yr to Apr 30 12.64 (11.61) Yr to Mar 31 8.23 (2.3) Yr to Apr 27 1.920 (1.647)

8.23 1,920 51.6

R.C. Luxembourg B-25176 Notice is hereby given to the shereholders, that the ANNUAL GENERAL MEETING

of shareholders of GT US SMALL COMPANIES FUND will be held at the offices of Banque Internationale à Lucembourg, Société Anonyme, 69, route d'Esch, L-1470 Lucembourg, on Friday, July 19, 1996 at 4,00 p.m. with the following agenda: To consider and approve the Reports of the Board of Directors and of the Auditor:

 To approve the Statement of Net Assets and the Statement of Operations as at March 31, 1996 and to allocate the net results; To discharge the Board of Directors and Auditor in respect of the performance of duties for the period ended March 31, 1996;

4. To elect the Directors to serve until the next Annual General To elect as Auditor to serve until the next Annual General Meeting of Shareholders, Coopers & Lybrand S.C.; 6. To approve the payment of Directors' fees;

7. Any other business:

The shareholders are advised that no quorum is required for the terms on the agends of the Annual General Meeting and that decisions will be taken on sample majority of the shares present or represented at the meeting.

In order to attend the meeting of July 19, 1996, the owners of better starcs will have to deposit their shares five clear days before the meeting with Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

GT DEUTSCHLAND FUND

Société d'Investissement à Capital Variable 2, boulevard Royal, LUXEMBOURG R.C. Luxembourg B-25023

Notifies hereby given to the shareholders, that the ANNUAL GENERAL MEETING

of sireholders of GT DEUTSCHLAND FUND will be held at the office of Banque internationale à Luxambourg, Société Anonyme, 69, Lite d'Esch, L-1470 Luxambourg, on Friday, July 19, 1996 at 2.30 m. with the following agenda:

. Toonsider and approve the Reports of the Board of Directors and Topprove the Statement of Net Assets and the Statement of Openions as at March 31, 1998 and to allocate the net results;

 Trischarge the Board of Directors and Auditor in respect of the pérmence of duties for the period ended March 31, 1996; t. Talect the Directors to serve until the next Annual General

5. Tolect as Auditor to serve until the next Annual General Meeting officereholders, Coopers & Lybrand S.C.; 6. Tapprove the payment of Directors' fees;

7. Ar other business: 8. Acumment.

The rareholders are advised that no quorum is required for the itemon the agenda of the Annual General Meeting and that decions will be taken on simple majority of the shares present or repnemed at the Meeting. in oier to attend the meeting of July 19, 1996, the owners of bearer shan will have to deposit their shares five clear days before the meang with Banque Internationals & Luxernbourg, 69, route of Esch, L-14) Luxernbourg.

- THE BOARD OF DIRECTORS

NAME AND SECTION SEC

Oryx (India) Pand (M

Sintra Franci (<u>161</u> - 1767 Jan 28 _

The column prove arrested rate of MAY I

Bevy of dollar issues at short end of yield curve OTC financial

By Richard Lapper Capital Markets Editor

Strong European and Asian demand for dollar issues paved the way for the issuance of a bevy of short-dated dollar deals yesterday, with spreads tightening when the bonds were freed to trade.

Yields on a two-year bond for Toyota Motor Credit Corp, launched by Nomura and SBC Warburg, fell from a level of flat to US Treasuries to 3 basis points under, while yields on a three-year deal for Swiss Bank etion, led by SBC Warburg, fell from minus 3 to minus 6 basis points under

Dealers pointed to heavy retail demand especially from Switzerland, following last Friday's sell-off in the Treasury market and subsequent gentle

rally in prices. "People were looking for opportunities to buy on dips and many Swiss were encouraged to buy euro issues which dropped below par," said one. Demand for the Toyota deal was helped by a shortage of quality corporate paper at the short end of the yield curve, added a syndicate manager. A lead manager at Nomura, been unusual demand from bond tightened from 21 basis large UK institutions, taking defensive positions as a result of volatility in the US market and seeking to benefit from strong performance by deals targeted at retail investors.

Yields on a three-year deal by Toyota Motor Finance launched in May have fallen from 5 basis over US Treasuries to Treasuries less 15, for

INTERNATIONAL **BONDS**

Risewhere as expected. Fortis Investments, part of the Dutch/Belgian financial group, launched the latest of several recent European securitisations and the first mortgage securitisation from the Nether-lands with a Fl 500m issue.

Payments on the securitised mortgages are guaranteed either indirectly by the Dutch state or by Dutch local authorities and the issue carries a zero risk weighting.

Syndicate managers at UBS reported a favourable reception from investors, with more than half the demand for the issue coming from outside the Netherlands. The yield spread said however, that there had over the Dutch government

points at launch to 20% bid and 19% offer when the bonds were freed to trade.

UK financial institutions were also active in the market, with both Halifax Building Society and Abbey National Treasury Services raising money from European investors for funding purposes.

Abbey National launched a SFr200m three-year issue which will become fungible with its SFr300m deal launched last month. Like the earlier issue it is led jointly by SBC, UBS and Credit Suisse and is designed to increase the bank's name awareness among Swiss retail investors.

By contrast, Halifax targeted its FFr2bn 12-year deal at French institutional investors. The proceeds of both issues will be swapped, generating funding at sub-Libor rates.

Woolwich Building Society issued its first subordinated debt since 1993, with a £200m 25-year bond. Launched at a spread of 115 basis points over the 8 per cent 2021 gilt, the issue is classed as tier two capital for regulatory purposes and forms part of the society's restructuring programme ahead of its plans to float on the stock market.

| New international | al bor | id issi | | | | | | |
|---|-------------------|-----------------------------|----------------------|----------------------|---|---|--------------------------------|--------------|
| Socrower | Amount | Couper | Price | Meturity | . Foos | Spread bo | Book-runner | |
| 1 / d | | | 179730.13 | an sak siy | 20 F (1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | ንሮሚያንዲ ሊያንሃ ያ <i>ፍል</i> | | |
| US DOLLES | | | | | | ALSO DE L | | 7.15 |
| ABNA MCCT II, 1998-G(a); Dautache Bank Finance | 425 -300 | (a1,1) 6.50 | 100.00R 99.767R | Jul 2008 Jul 1999 | 0.475R 0.1875R | | Leisman Broth Deutsche More | |
| Swiss Bank Coro Jersey Branch | 300 | 6.50 | 99.81R | Jul 1999 | 0.1875R | -2m(07876-00) | | 44 |
| Syste Motor Credit Corp | 300 | 8.375 | | Aug 1998 | | | Nomure Inti/SE | ic andure |
| Bacien Württernberg L-Finit) | 200 | 6.75 | 94,767R | | 0.225R | +50 | ABN Amto Ho | re \$vett |
| Plitel Intl Holdings Corp(b)§ | 175 | 1.75 | 100.00 | . Jul 2008 | 2.50 | •" | Deutsche MG/ | NGipring |
| Senshin Electronics Co(c)@ | . 130 | 3.00 | 100.00 | Jul 2000 | 2.25 | | Deiwa Europe | |
| oport Development Corp(d)*: | 50 | (01) | 100.30 | Aug 2001 | 0.30 | | DKB internation | ne la co |
| DHARRE | ومنت والأواد | in and | | Likery | er ri Ato | | بوعو الدائمة | C. 18. C. P. |
| VGZ Bank freiand‡ | 400 | (e) | 99.88 | Aug 2001 | 0.20 | . | HSBC Tripleaus | /Lahlen B |
| VEN 2 | | | | | 77 T | 1 | | |
| Anditanstaldt-Benkverein(fl-k | 10bn | (f1) | 100.70 | Jul 2026 | 0.70 | - | NEKKO EUROpe | 1. |
| SHISS TRUCK | | | 300 | 200 | 3 ** ** | | TOWN THE WAY | 4 |
| laboy Nati Tray Services(g.s) | 200 | 4.00 | 102.55 | Dec 1999 | 1.50 | - STARTAN | Credit Suisses | |
| Sinac è | 100 | 3.00 | 99.95 | Aug 1999 | 1.25 | - | UBS | 1 |
| STREET, STASSAGE | A 1900 | 100 | 313.3 | Sittle the | 1.22 | | 212 | |
| Voolwich Building Society | 200 | 9.80 | 00 F49D | Aug 2021 | 0.6253 | +115(8%-21) | | |
| GUEDINA TOTAL | CONTRACT | 7 4. C. 16 | | | 17. | 10000 | | 277 |
| 1 Mortgage Securities | 500 | 6.75 | SS ROBR | | 0.3258 | +21(D - | UBS | حماحت |
| PRESICH PRINCE | | | | | | 1.437.70 | | 2.42 |
| latifax Building Society | მოქე, აუკი 20თ | 6.75 | 99.848R | Aug 2008 | | +15(1) | CDC | |
| | | | CANON NO | | Para Ser | ** *********************************** | | ** |
| TANK THE STATE OF | | | | | | | Bell Bank Luce | |
| kruideutsche Landesbanich) | 100bn | 8,125 | 101,245 25348 See | Aug 1999 | 1.375 | | | |
| CLUX CHARGOUNIA PRIVATE SEL | | an or it | | earmail | | 199 | CA HOLL | |
| ker-American Deviment Bank | 25n 250 (200 | (0 2001 (7. √1.5) | 102.20 | Sep 2006 | 1.875 2015:2779 | eren eren eren eren eren eren eren eren | Banque Pariba | |
| AUSTRALIAN DESCRIPTION | | | | | | | | |
| BAB* | 100 | 8.21# 8.25 | 100.00 | Jul 2001 | undisci | - | Sumitomo Fina Dahea Europa | uce it |
| isho Australia | 100 | - 825 \$⊝777 | 101.2125 | Aug 1999 | 1.50 | - - | Lance Europe | oz kaze |
| | | | | a was | 1.27.3 | | | 10. |
| W Resterberk(I) I, NEW ZEALAND (BOLLARS) | 10bn | 7.60 | 100.734 | Aug 2000 | 1.50 m::13**;:* | - | BCH | |
| | | | | | | 1.0 | E 12 | |

russ terms, not-causes susset, man spread (over resvering government botto) at seption of year installing? Linsand. SConventible, dividin equity vernants, \$1500 ting, rate note, \$500 ting, rate point, fees shown at re-off level, \$100 ting, rate; fees shown at re-off level, \$100 ting, rate;

transactions at record levels

By Samer Iskandar

Activity in over-the-counter (OTC) financial derivatives soared to record levels last year, according to the Interna-tional Swaps and Derivatives Association (ISDA).

Transactions outstanding in interest rate options, and currency and interest rate swaps stood at \$17,713bn at end-1995,

DERIVATIVE **INSTRUMENTS**

up 56.7 per cent from \$11.308bn a year earlier. The notional volume of new business grew 39.4 per cent to \$8,699bn in 1995, from \$6,241bn in 1994. Netting - offsetting amounts owed to each other by two or

more institutions - has been a main factor contributing to the growth of OTC derivatives. "Netting allows more efficient use of capital and reduces risk," said Mr Robert Schwartz, co-chairman of the ISDA mar-

ket survey committee and Republic National Bank. Fears have often been expressed that the growing use of non-exchange traded derivatives could induce a rise in the overall level of risk. However, Mr Schwartz pointed out that,

in parallel with the market's

growth, "dealers and end-users continue to develop credit-risk mitigation techniques". These include the use of collateral – often required by dealers from counterparties of lesser financial strength - as well as termination clauses built into OTC contracts that are activated when pre-determined events occur, such as a

credit downgrading of one of the counterparties. ISDA said that, over the years, the default rate on

said Mr Schwartz, "the overwhelming majority of counterparties are investment-grade institutions", a fact that has been constant since OTC derivatives trading started.
The association pointed out

that the rise in activity had been strong in all sectors of the OTC market but some types of transactions have clearly gained more than others. For example, interest rate

options - comprising caps, col-lars, floors and swaptions outstanding at year-end 1995 stood at \$3,704bn, an impressive 136 per cent higher than a year earlier. Mr Tom Montag, vice-chair man of ISDA and a partner at

Goldman Sachs, attributes "the robust activity in these options...to increased mort-gage hedging, increased market volatility and the general pick-up in business". Growth was particularly

strong in non-dollar transactions, a sign of "the growing sophistication of non-US dealers and investors", according to a risk manager at a large European bank.

Outstanding currency swaps in French francs and Danish kroner, for example, grew by 66.1 and 76.5 per cent respec tively from year-end 1994 to year-end 1995. Elsewhere, outstanding currency and interest rate swaps in yen grew 369.8 per cent between 1991 and 1996 - or 278.9 per cent in constant exchange rate terms.

Based on information from participating dealers, ISDA counted a total of 430,842 swaps transactions of all types outstanding at the close of 1995, up from 306,197 a year earlier.

The data was compiled by Arthur Andersen, the accounting firm, from 71 ISDA member

ERRE CAPTE STATE

Fed study lifts Treasuries but most of early gains erode

By Maggle Urry in New York

US Treasury prices reacted positively to a study by Federal Reserve economists suggesting it should not take an aggressive stance on inflation, so long as prices are rising moderately, until the economy

An article in the Wall Street Journal suggested this could explain the Fed's decision last week not to increase interest rates. That lifted hopes that the rise in the Fed's target interest rate, which the market is expecting, could be averted.

WORLD BOND PRICES

However, as the morning progressed gains of more than a quarter point on the long bond were eroded. By midday, it was up & at 86% to yield 7.111 per cent and the two-year note was 🖟 higher at 99%. yielding 6.334 per cent. The September 30-year bond future

was 4 stronger at 107%. Since last Friday's employment report showed the economy was stronger than many thought, the bond market has been expecting the Fed to increase its target rate at its next policy meeting on August 20, if not before, to head off a

threatened rise in inflation.

ment bond markets was uneventful, despite the recovery in the US Treasury market since last Friday's fall. Analysts said trading was set to remain quiet today as no

GOVERNMENT

announced by the Bundesbank following its fortnightly council meeting, although there were faint hopes that it might switch to a variable repo rate in a state of suspended anima-tion until Friday's US data," said Mr Stephen Hannah, chief economist at IBJ. US PPI and retail sales data for June are due tomorrow, as is the latest Michigan sentiment survey.

French call money to 34 caused a flurry of excitement in the French government bond market which rallied for the third consecutive day.

Mr Julian Jessop, chief European economist at Nikko, said

the cut suggested there could be some monetary easing from

dently of the Bundesbank. The cut meant that the short end of the yield curve remained wellsupported while the long end was neglected because of its perceived lack of value. On Matif, the September 10-

year notional government bond future returned to its level before the US non-farm payroll release last Friday. It rose to 121.84 before settling at 121.70, up 0.32 on the day.

■ UK gilts also returned to highs seen last week. On Liffe, the September long gilt future touched a new contract high of

FT-ACTUARIES FIXED INTEREST INDICES

1071 but was unable break decisively above this evel. In the late afternoon, it raded at 106器, up å point onthe day. came in to 149 bass points from 151 points. ■ A delay in cutting interest rates and political salemate over the governmens three-

year economic plan set Italian bonds lower. Septemer government bond futurs eased 0.27 to 117.11 in the aternoon, but were off the day low of 117.01. The spread ger Germany widened slight to 282 basis points.

swaps had been stable at a

BENCHMARK GOVERNMENT BONDS III BUND FUTURES OFTIONS (LIFFE) DM250,000 points of 100% 102.4500 102.2900 118.6849 97.9802 96.4400 118.3000 100.2300 98.1240 103-08 97-08 107-20 89-09 86-07 7.64 9.13† 2.57 3.29 6.51 8.74 8.32 7.12 7.89 8.01 8.98 7.12

4 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 10

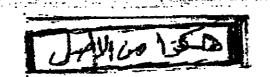
E NOTIONAL ITALIAN GOVT, BOND (BTP) FUTURES -0.16 -0.14 Strike Price 11700 11750 11800 2.16 2.43 2.70 III LONG CALT FUTURIES OPTIONS (LIFFE) \$50,000 (

| 10 | 0% | | _ | (UFFE) | | | | | | | _ | | | |
|----------|-------------|------------------|----------------|---------|-------|---------------|---------|--|------------------|--------------|----------------|-------------------------|-------------------|--------------|
| rol. | Ope | n int. | | | _ | pen | Clo | ee Change | Higt | | LOW | | ol Op | m int, |
| 14 | 195 | 827 | Şe | | | 8.51 | | | 118.5 | | 18.47 | 1871 | | na. |
| • | 57 | 43 | De | | | 7.51 | | | 117.5 | - | 17.45 | 595 | | ΠE |
| | | | • 11 | FFE 140 | نة عد | o trad | ed on A | PT. All Open Inte | est ligs. | an for | previous | ctay. | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | Hotes | _ <u>\vec{n}</u> | (Mail) Raid | Pater 2 | +#- | 1881 - 521 | - LW | | Motos | <u>(1)</u> | ₩4 (2) Pri | ce£ + c | _ 69 - High | mak. |
| 61 | | 8.15 | 7.83 | 104]] | -4 | 105)) | 101 | Index-United | P) | | | | | |
| 5‡‡ | | 771 | 7.50 | 97,5 | +3 | 101卦 | P435 | | (135 <u>8</u>) | 1.04 | 250 | 1133 4 | £ 1137 | |
| S# | | 7.85 | 7.82 | 9633 | +4 | 103% | 25. | 2120c 101 | | 3.05 3.30 | | 1805 d 1758 d | 180 | |
| 641 | | 7.94 | 7 50 | 1004 | +4 | 104# | 9811 | Car Ott | | 135 | | | 176 116 | 170 1 112 |
| ω- | - | 9.75 | 768 | 120K | 44 | 1253 | 1183 | 2cc '08 | (69.5) | 3.44 | 3,71 18 | | 1 185j | |
| 71 | _ | B.18 | 7.96 | 떠겼고 | *** | 1000 | 1007 | 2 200 09 | (78.8) | 352 | 3.75 | | 167 | 161 |
| 101 | | 10.18 | 7.77 | 1321 | -7 | | 1301 | 21 ₂ pc 111 | 74.6 | 3.56 | | 170]] | 提 173 | 186 |
| ± | _ | 8.37 | 8.00 | 107 | -7 | | 104. | 21 ₂ 0c 13 | -092 | 259 | | 405 | 14 | |
| | | 8.04 | 2.05 | 99.2 | +3 | | 9843 | 21 ₂ 0c 15 21 ₂ 0c 20 | 451.5) 033.0) | 3.63 3.67 | 3.80 T | | \$ 1524 \$ 146 | |
| KD | _ | 7.42 | 8.12 | 54.3 | +34 | | 813 | | | 3.65 | 3.7911 | | ት 146, ፊ 122, | |
| | | | | 10 | *34 | | 0.32 | ₽ ₆ 0: 30;; | | 3.55 | | | 3 120 | |
| | | | | | | | | Prospective resident 10% and (2) 5% | i nedesta | otion r | ete on p | projected | inflation | s of f |
| | | | | | | | | indexing ée 8 m | onte o | ere ko | , भवन्य | reses STC el fenne h | 20 MP (| يا فدعد |
| _ | | | | | | | | reflect rebesing | of RP | To 10 | in fel | men 19 | 67. C~ | ا ترسم |
| | | 8.37 | | 107524 | -3 | 11211 | 1045 | factor 3.945. PE | n tor O | ctober | 1995: 1 | 49.8 and | for Me | - 15A |
| | | 437 | | | | | | 152.9. | | | | | | , |
| | | | 8.15 | | ** | | 104 | | | | | | | |
| | | 7.03 | 7 93 | 76 | +1 | E24 | 754 | | | | | | | |
| #_ | | 815 | 8.18 | 98. | * | 103 | ᅈ | Other Fix | دا ام | tore | - | | | |

8.33 1144, 8.62 123 - 1054, - 1064 - 1107, 8.04 1484, - 374, - 374, - 374, 6.68 1204, 7.70 764, 4.55 1304, 4.51 1314

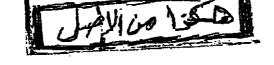
Jul 9 Yr. ago Jul 10 - Jul 9 - Yr. ago Jul 10 - Jul 9 - Yr. ago 99 5 yrs 12 15 yrs 30 20 yrs 36 kred.† 122,39 146,33 160,69 182,89 141,89 1 Up to 5 years (22) 5-15 years (19) Over 15 years (9) 0.20

| | Jul 10 | J ul 9 | 7418 | J# 5 | لبداد | 4 Yrago | High | d low | | | | | 地영 | Jul 8 | Jul 5 . | - Jui | 4 | 34 | <u> </u> |
|--|--------------|-----------------------|---|-----------------|-------------------|----------------------------------|----------------|------------------------------------|-----------------------------------|---|--------------------|--------------|-------------------------|--|---------------|---|--|------------------|-------------------|
| Govt Secs. (UTQ | 92.98 | 92.60 | 92.66 | 92.0 | 93.0 | 2 93.18 | 96.3 | 91.59 | Gilt Ed | iged be | rgein | s | 76.0 | | 87.0 | 85. | .7 | 76. | 2. |
| Fixed interest | | | | | | 2 112.10 | | | 5-day | | | | 78.8 | 80.6 | 82.2 | 80. | | 79. | |
| " for 1996. Government 15/10/26 and Pheed Into | t Securities | high sinc | e compli | dor: 12 | 7,4 (08/0 1974 | 71/36), low 49 | .18 (03 | Phone وخذام | aces; piði | h since c | | | |), low 50.58 (13 | /01/75). Be | 100: (| Bovernin | ent Se | carities |
| 10 1020 04 1 400 10 | | OC 804-10 | , | 1000-00 | 187- | | | 1 | | | | | | | | | - | | - |
| | | | | | | | | { · | | _ | | | | | | | | | |
| FT/ISMA IN | TEDMA | TION | AL D | OND | CER | VICE | | | | | | | | | | | | | فكا |
| THOMA IN | HERIO! | HOR | AL D | UNU | SER | VICE | | , | | | | | | | | | | | |
| Usted are the letest int | emational i | conds for | which the | ere le en | ndequal | a secondary. | market | steet, prices a | t 7:10 pa | ندل جو ج | y 10 | | | | | | | | - |
| | here | d Bid | Offer | Chg. | Yield | _ | | أعسيية | Bid | Offer | Chg. | Yield | | | · Assessed | BL | Office | CHEL. | Yes |
| U.S. DOLLAR STRAIGH | | | | | | Sweden 8 97 | , | 2500 | 104% | 105 ¹ a | • | 4.10 | | T 0.00.0 | | | 100% | | - - |
| Abbey Nat Treesury 612 | | 100 95 | 6 96L | 45, | 7.26 | United Knext | 00.74 | 550 | | 104 ¹ s | | 9,10 | | Traesury 8 03 2 . I 67, 23 C | 1480 160 | 100 ¹ 4 90 ¹ 2 | 1007g | ** | 7.94 10.19 |
| ASN Arteo Bank 74, 05 | × | 100 98 1 | 1 983 | 44 | 7.65 | Volkswagen I | ad Fla | 3 1000 2000 | 1017 | | والب | | | 98 2 | ~~ | 1004 | 1002 | 7 | 6.61 |
| Altican Day Sk 7% 25 _ | | 900 | | + | 7.92 | World Bank (| 115 | 200 | 30% | 30% | | 634 | Dopte Finan | k, 98 2 100 7 ¹ 4 03 2 | 500 | 954 | 95% | 412 | 8.02 |
| Alberta Province 7% 98 . | ¥ | 200 TUT4 | 102 ¹ | | 6.70 7.37 | World Benk ! | 74 CG ! | 3000 | 98 ₁ 5 | 967 | +4 | 6.13 | 320868 | _ 2 20 #8 emo | ·1000 | 10112 | 1013 | | 7.78 |
| Autor Dev Back 6 ¹ s, 05 . Austria 6 ¹ 2 00 | | 100 1047 | 105 | | 6.88 | SWISS FRA | uc sni | GHTS | | | | - : | - Hanson 10 | 20110 04 120 E _ | aw | 1015 1045 | 102 104 k | +4 | 844 |
| Bacten-Wustit L-Pin 878 i | 00 10 | XXX 103 ¹ | 2 1034 | ** | 6.96 | Asian Day Ba | nk 04 | 500 | 354 | 3512 | +2 | 547 | HSBC Hold | ros 11.69 02 £ | 159 | 115% | 1184 | 7. | 8.25 |
| Bank Ned Germenten 7 | 99 19 | XXX 10 | 101 | | 6.63 | Applie 42 0 | • ∦ | 1000 250 | 100/2 | 1037 | 4 | 344 | Bay 10 ¹ 2 1 | <u>. </u> | 400 | 1132 | 113% | +4 | 8.95 |
| Sairtern Siz (13 | | שמו שש | 2 1035 ₁ D 904 | | 8.98 7.30 | Counce Such | 20 4 AP | 200 | 1224 | 102½ 103 | * | 327 829 | Japan Dev | Bk 700 2 | 200 | 99 4 | 90'- | + | 7.20 |
| Bayer Versitatis, 8 ¹ g 00 . Baigtorn 5 ¹ 2 03 . British Columbia, 7 ³ 4 02 . | | 00 1024 | 1034 | | 7.16 | BB 84 00 | _1 | 1000 1000 300 300 1000 | 1014 | 1017 | 7 | 302 | Ontario 112 | 2011 39 CB E | | 100% | 105 ¹ 2 113 ¹ 4 | 나도 우리 | 874 7.87 |
| British Gas 0 21 | 12 | D3 1 | 8 13 ³ | | 8.39 | 28 64 OL _ | | 300 | 1721 | 1124 | | 4.92 | Powergen 8 | % 03 2 | | 103Pa | 1037 | -14 | 8.14 |
| Cornects 6% 05 | <u>!</u> | 00 94 | 8 B4 ¹ 4 | | 7.A1 | Pintend 74, 9 | 9 | 300 | 1104 | 110% | | 3.82 | Seven Tre | t 11½ 99 £ | 150 | 111 | 1114 | į, | 7.20 |
| British Gas 0 21 Canada 6 ³ 2 U5 Canada 6 ³ 2 97 Chaung Kong Fin 5 ³ 2 98 | | 00 1004 m ord | 4 700 ¹ 2 2 95 ¹ 4 | | 623 7.76 | COUNTY Array (V | | | 1122 | 113 1021 ₂ | -14 | 4.21 4.37 | | | | | 1134 | +1 | 7.74 |
| China 6 ¹ 2 04 | | 00 92 | 99 | | . 800 | Ontario 614 O | 3 | | 1005 | 408/ | ** | 4.53 | What Gas | 4, 02 NZ\$ 12 ¹ 2 97 NZ\$ | ₇₅ | 100% | 1017 | +4 | 9.05 |
| China 6 ¹ 2 04 | | 00 1054 | 10812 | +4 | 6.84 | Camber Hydr | o 5 l 🚉 | 103 | 1004 | 101 | 4 | 4,97 | Credit Local | 601 FF | au. | 100% | 103 ¹ 2 100 ¹ 2 | , 3 ₂ | 9.62 5.81 |
| | | | | +1g +12 | 6.30 | SNC# 704 . | | 600 400 100 450 500 | 1144 | 1144 | +4 | 4.79 | DENTERK ST | 299 FF | 70AO | 1000 | 101 | 14 | 5.10 |
| East Japan Railmay 65g 6 | × | ייכא וווא | 2 95% 4 94% | +2 | 7.40 7.03 | Steeder Done (| | 50 | 102 | 1024 | 432 | 4.41 | Sec de Fra | nce 814, 22 FFF _ | 3000 | 1154 | 11618 | +5 | 7.37 |
| BB 8'4 97 | 10 | 00 100 | 103% | 7 | 631 | World Black 7 | 'e' | 700 | 1104 | 28 ¹ 2 112 ¹ 2 | 44 | 5.49 4.05 | E.O.OWA | RATE NOTES | | | • | | |
| Elec de Franco 9 98 | 2 | 00 103 | 1037 | | 6.66 | | - | | | 2 | | ~~~ | L month (sect | NAME AND DES | Second | BM | - | _ | Copp |
| Ex-Im Blank Jacobs 8 02 | 5 | 00 1037 | 1041 | | 7.16 | YEN STRAG | TT. | | | | | | Alabam start | | | | | _ | |
| Econ Captal 0 64 | | 30 100n 00 55% | , 105²₂ , 55³⊾ | | 682 7.37 | Configura 5 89 | 430 | | 1003 ₁ | 1095 ₈ 105 | ႕ | 214 386 | Berkered | Transury - 👍 90 . | | 98.55 39.80 | | | 5.4796 5.7383 |
| Fed Home Loan 71, 99 . | 16 | 00 1013 | 1012 | 42 | 6.77 | BB 6 00 _ | | 100000 | 115% | 115% | -4 | 2.22 | Corrects -4 | 1, 99 90 | 2000 | 99.64 | | | 5.2600 |
| EBS 6 04, 97 Bec de Rence 9 98 Ei-Im Benk Japan 3 02 Eyont Deu Corp 92 98 Eyont Deu Corp 93 99 Fed Home Loen 74, 99 Fed Home Loen 74, 99 Fed Home Loen 74, 90 Fed Home Loen 74, 90 | <u>ال</u> | 00 1014 00 1004 | 101 ¹ 2 | | 7.22 | Buden Barrier I | | // 4060 000 | 4777 | 106 ¹ 8 | | 8.14 | CCCEOOS | Ecu OS An → 86 | 30 0 | 99.57 | | | 42575 |
| Ford Motor Crack 64, 98 | 15 | 00 99 | | | 6.36 6.68 | IDEN ARREST DE | # 7'3J . | 3000 | 1184 | · 1183g | | 227 278 | Gredit Lyon | CASHB—1888. | 750 | 99.79 | 90. 98. | | 5.5555 |
| General Mile 0 13 | 10 | 00. 234 | 24 | | 694 | 124 5 04 | | 20000 | 1114 | 112 | | 337 | Credit Lyon | mais 0.30 98 | 1250 | 100.00 | 100 | | 5,5000 5,7283 |
| General Mile 0 13 MI France 5 ¹ c 98 Inter-Asser Day 7 ¹ c 05 | 6 | 60 957 | 97 | | 6.67 | Japan Day Bi | :56 | 30000 30000 200000 700000 | 1004 | 100% | | 201 | Denmerk - | 150 45 00 160 0,30 98 197 | 1000 | 98.95 | 100 | | 5,4141 |
| inter-Amer Dev 64g 05 | <u>1</u> 2 | 00 923 20 1001 | , 629 ₂ , 10t | | 7.36 7.37 | Japan Day B | B 21 _ | 120000 | 1187 | 119 | | 257 | MARKE H | BOC6 ASSUMI. | 7000 | 100.00 | 700. | | 3.2012 |
| Ind Finance 64, 99 | | 00 974 | 773a | | 6.52 | Spein 5% (III | | 30000 | 115 ¹ 2 | 115% 115% | وله | 226 284 | Financi 0 97 | t-1≥00 | 1000 | 90.64 100.07 | | | 5.0977 5.4402 |
| Raily 6 03 | 20 | CC S314 | 85% | +4 | 7.37 | Sweden 4% 9 | <u> </u> | 125000 150000 250000 | 105 | 1054 | - | 137 | Firtherd - 1 | 9 | 1300 | 99.92 | | | 5.5750 |
| bb/ 6% 23 | 35 | 00 884 | . 88¥. | | 808 | World Bank 5 | 4 C_ | 25000 | 1137 | 11312 | | 271 | Hellex BS (| 9 | 200 | 100.07 | | | 5.6391 |
| Japan Dav Bit 8 ³ g 03 | 3 | 00 1044 Sh est | 105 ⁷ s 1935s | | 7.08 7.73 | OTHER STR | | | | | | | IN COME IN | 4.99 | <u> 500</u> | 100.36 | | | 57305 |
| Matsushila Elec 74 02 | 10 | 00 100 | 101 | | | | | 04 UFr 2000 | 108 | 109 | يلد | 884 | LKR Roden | 44c | | 100.26 | | | 5.5430- 5.4766 |
| Ontario 7% 03 | 20 | 00 100¶ | 101 | | 7.33 | Tractabel to a | ≤ 804 | LFr 1500 | 1 | | •• | | Lloyde Bard | Pep S 0.10 | 1000 | 84.92 | | | 5.3500 |
| Cotor Kontroliberik 6½ 01 | 2 | 00 105 | 2 1054g | | 7.08 | World Stack 8 | 2 OE3 | 2000 1000 | 100 | 170 | | 6.68 | Malaysia & | 05 <u> </u> | 650 | 99.79 | . 99 | 22 | 5.5025 |
| Complet Set on Transfer | 14 | en 1861- | 92 105% | 4 | 7.36 6.96 | ACM ATTECH | , OD | | 1037 | 10412 | | 5.44 | NAME CANADA | 2 99 2 99 39 DM | 1000 | 99.91 | | | 5.4453* |
| Ouebec Prov 9 88 | | 00 109 | 103% | al _e | | Red Carpeta 1 | ni er | 1000 L 1160 | 10: | 100g | +36 | 4.94 7.09 | Cribata 11 da | 2 W | —_ \$00 | . 92.00 | | | 5.6525 |
| SAS 10 99 | a | 00 108 ¹ 2 | 107 | وآب | 7.17 | Better Cotons | ± 783 | CS 150 | 100% | 1014 | 7 | 7,73 | Postogal & S | 9 DM | 2000 | 100.00 100.22 | | | 5.4905. 3.4102 |
| SACF 812 88 | | 50 105 | 105 | | 5.64 | Constants in the S | l Hote | 29 CS _ 1000 | 1337- | 100 | 4 | 6.05 | Outbec Hyd | n 0 98 | 500 | 95.60 | | | 2.5365 . |
| SAS 10 99 SHCF 6 ¹ 2 86 Spain 6 ¹ 2 98 Sweden 6 ¹ 2 03 | 15 | 00 984) m = | 90 ¹ 2 | ** | 671 | BB 10% 98 0 | \$ _ | 130 | 105 | 106 | 4 | 6.18 | Please 0 98 | torie 0.05 98 | 500 | 98.77 | 99. | | 5.4375 |
| Terrorea Vales E (1) | a | n 957. | 974 | 7 | | | | 3 25 | | 107% | +44 | 7.01 | Charles 1. | 5048 OTO2 28 | 25 | 99.98 | | | 5.8480 |
| Terressee Valley 6 (0) Terressee Valley 6 (1) (5) | | no su | 94 | 412 | | Moore Tel Te | Heles | 400 C\$ 200 | 1067 | 110 ¹ 2 | + | 7.A2 | Complete of | 01 | 200 | 29.ES | 99. | 8 9 | 5.3750 |
| Tolgo Bec Power 61 03 | 10 | 00 837 | 94 | 44 | 726 | Character 0 Res / | • | 4500 | | 1027 | 3 | 7.09 7.72 | CONVENTS | LE BOKOS | ÷ . | ٠. | | | |
| Toyota Motor 5% 98 | 15 | EB 984 | . 99 | | 6,41 | Ontario Hydro | 10% | 35 500 | 100% | 110 | 4 | 475 | | - | | iome. | - | | _ |
| United Kingdom 74, 02 | 30 | 00 1015 | 1012 | | 69 6 | Other November | zak ₹ | 29 CS _ 150 | 108% | 1094 | 44 | 6.96 | | | learned 1 | | B4 0 | ., | |
| World Bank 6% 05 | | | | | 7.22 | Chebec Hydro | 705 | 1000 | 944 | 9412 | +4 | 6.15 | AlineLivers | 64,082 | 200 (| 304 9 | | _ | |
| World Bank 67s 85 | | | | | 7.30 6.69 | Control (Com- | 10/2 95 | \$ 205 4 1100 | 1074 1104 | 10814 | * | 6.78 | E France | al ne e | 4900 | | 144, 12 100 101 | | 27.74 |
| 1 | | | | • | | Create Forcier | RS (M | 1000 | 1029g | 111 ¹ g 103 | <u>يار.</u> داد | 8.54 | Gold Kelapo | た7500 | E5 · | | 115 . 1 | | 194.17 198.82 |
| DELTISCHE MARK STR | | | _ | _ | | Dentrark 85 ₀ (| 2 Eu . | 1900 | 1004 | 10952 | 4 | 7,80 6.50 | | | 746 | - | 17 | | 11.05 |
| Austria 61 ₂ 24 | 20 | | | | 7.34 | 8C600 Ecu . |] | 1100 | 101 | 1011 | 7 | 5.72 | HENRY AND | rita 239 01 | 420 29,8 | 375 E | 54 | 86 f | OK.35 . |
| Bader-World L-France (| | | | | 483 | BB 10 01 Eb | | 1150 | 1143 | 11412 | 44 | 625 | MAN Same | rice 239 01 and 4 91 | 410 31 | .05 8 | | | 1594 |
| Credit Fonder 7 ¹ 4 08 | 20 | | | 4 | 7.19 4.31 | Februarie Seat Basy 104, 00 E | 10'19 | su 500 | | 107 ¹ 8 | | 526 | | 9 E | - 42 | AG LU | | | 杨尔 |
| Decis France 6 2 03 | | | | +4 | 6.50 | =o7 ×V4 (() (United Kinnets | 20 | | 115 1114 | 115% | 44 | 6.16 | Miles i Bank | 24,03 | av | 164 (126 | 将 · 数 | | 8266 · |
| Deutste Bit Fin 712 03 | 20 | 00 1 0 474 | 105 | +14 | | ADC 10 98 A | | | | 111½ 1034 | 4 | 626 220 | Mad Louis (| 280 M | | | 120 121 | | -1.96 |
| BC 62 00 | 20 | | | ąJ _e | 5.34 | Comen Big Aug | 1 | 99 AS 100 | 1137 | 1134 | ÷, | 8.70 8.74 | Ogden 6 (2 | · | 85 39 | D77 | 90 -91 | ት ተ | 75.65 |
| BB 64, 00 | 15 | | | +10 | 541 | 田乃敏的 | | 350 | 997 | 100% | ele, | 7.95 | Person 44, | OS | - SOC 59.8 | | 73. 10 | <u>.</u> | +0.13 |
| Firstand 7 ¹ 2 00 | 300 | | | 护 찬 | 525 423 | NSW Transary R & I Bank 7% | Zen \$ | AS 1000 | 175 | 121 | ale . | 923 | 73800.P1 | ance 71 ₂ (22 40bl 13 ₈ (00 | ATTION 1000 | M 4 40 | | | 7921 |
| LICE Section - Marie 6 to Cit | | | | 7 | | Richiberry (4) Stealo BriNSW | | | 935 <u>1</u> 1011 ₄ | | +14 | 9.02 | | ER 340 ML | 201 - 900 | nus 10 ¥80 | 2% 108 82 | | +595 90 M |
| Nonetay 6 ¹ a 98 | 13 | | 10374 | • | _ | | | 750 S 750 | | 101½ 101½ | #1 ₂ | 8.72 RR2 | Sun Allenca | 74 08 8 | ∵ _ 158 | | 6 D | | 4230. |
| | | | | | | | | | | | | | | | | | | | |



=und:

not Ltd



2 financial isactions ecord levels

...

·: ·

Y- ---

Arrivation of

A COLUMN SECTION OF THE PARTY O

RENTS.

8 - 4- July 12

Section 4 in

\$4.00 m

Alaman Jungan Santa

11 821 - 122 - 22 ತ**್ಷಾ**ಗಿದ್ದರು. ೨೯೯೧ ಕಲ್ಲಿ ಬಿ. - No. 1 Samuel Committee Committee

7 -----

 $\mathcal{O}_{\mathbf{p}} = \{ \mathbf{p} \in \mathcal{P}_{\mathbf{p}} \mid \mathbf{p} \in \mathcal{P}_{\mathbf{p}} \mid \mathbf{p} \in \mathcal{P}_{\mathbf{p}} \}$ ell in the second

 $q_{\frac{1}{2}}(y)^{2}(y)^{2}(y) = -(y)^{-\frac{1}{2}}$

Albert 💝

 $E_{\rm con}(F) = \{ (-\epsilon_{\rm co}) \in \{ \epsilon_{\rm co} \} \}$

Section 1.

····

CURRENCIES AND MONEY

MARKETS REPORT

US dollar weakens over concern about yen policy

The dollar weakened on the foreign exchanges yesterday amid growing uncertainty about the policy stance of the US and Japanese authorities

towards the yen and the dollar. Sterling recovered after Tuesday's decline caused by expectations of lower interest rates and slight signs of a split between the UK Treasury and the Bank of England.

The D-Mark found strong support against most currencles in spite of another set of weak economic data. Analysts said the Bundesbank was unlikely to cut interest rates at its regular council meeting today.

The French authorities cut the overnight call money rate by in percentage points to 3 per cent. Economists said this might signal a further cut in the official intervention rate.

The Belgian franc weakened. Some traders said its weakness was linked to declines in the Belgian and Dutch government bond markets which in turn were linked to rising expecta-tions of an increase in Dutch interest rates. The Australian dollar rose as

it benefited from increased investment flows from Japan. The dollar finished in London against the D-Mark at DM1.5246 from DM1.5233, and against the yen at Y110.125 from Y110.24.

Sterling closed at DM2.3683, from DM2.3637. It finished against the dollar at \$1.5535, from \$1.5517. Sterling's tradeweighted exchange rate index closed at 86.5 from 86.4 at the previous close.

■With markets again quiet yesterday, attention turned to speculation about the US and

| | | · |
|-----------------|--------------------|------------|
| Pour | d to New York | k |
| Jel 18 | — <u>Labest</u> —- | Prev, cite |
| £ spot | 1.5505 | 1,5495 |
| 1 mm | 1.5501 | 1.5491 |
| 3 MB | 1.5504 | 1.5484 |
| 1 yr | 1.5550 | 1,5542 |

Japanese authorities' attitude to the dollar's recent rally and about US interest rate policy.

The dollar's rally has begun to provoke comments from both Japan and the US, leaving currency markets uneasy about the direction the authorities might take the currency in next. Remarks by Japanese offi-

cials have over the last few weeks left traders feeling that they may be unhappy with the speed at which the dollar has gained ground against the yen. There are fears that a weak yen will lead to rising import price inflation, which may

est rate tightening. In addition, traders fear Japanese companies which have responded to the appreciation of the yen in recent years by shifting production overseas may now begin to lobby against a weaker yen since this leaves them at a disadvantage when they import goods back

into the country.

bring forward a potential inter-

Lira Ageinst the D-Mark (fire per DM) 1 000 -1,060

1996

that the recent appreciation of the dollar against the yen may soon begin to hit exports.

Traders fear they may start to pressure the US government

eral Reserve chairman, might say at this month's Humphrey-Hawkins testimony. to reverse the dollar's rise.

hand have begun to complain

"The US administration is not about to bow to the US corporate lobby but it does

Paul Meggyesi, strategist at inflation added to the debate. Deutsche Morgan Grenfell.

He said that as long as it remained unclear whether the US and Japanese governments were prepared to resist these pressures or not, there was scope for the dollar to head

Mr Gerard Lyons, chief economist at DKB International in London, said: "The market is waiting to see some shake-out in the dollar against the yeu, but even then there is still an upward bias for the dollar against the yen."

■ Speculation about US interest rate policy intensified as analysts attempted to predict what Mr Alan Greenspan, Federal Reserve chairman, might

Newspaper reports that some Fed committee members might argue against an interest rate rise even if growth did accelermean it is unlikely to pursue a ate since stronger growth need

stronger dollar policy," said Mr not necessarily mean higher

■ The pound recovered from its tumble on Tuesday. This followed criticism by Mr Kenneth Clarke, the chancellor, of Bank of England economic forecasts, which analysts said appeared to highlight a rif between the Bank and the Treasury.

The pound had also bee undermined by the UK Tree sury's summer economic fore cast on Tuesday. This revise up the projection for govern ment borrowing which there fore appeared to suggest th government would have t turn to lower interest rates if was to meet its optimisti growth forecasts.

| Jel 10 | £ | \$ |
|---------------|-------------------|-------------------|
| Casch Rp | 42,366 - 42,4032 | 27.2808 - 27.2900 |
| Hagary | 233.586 - 233.769 | 150.400 - 150.450 |
| TORK . | 4561.4D · 4659.30 | 3000.00 - 3000.00 |
| Carrol | 0.485B - 0.4661 | 0.2999 - 0.3000 |
| Poland | 42392 - 42427 | 27295 - 27305 |
| Ressie | 7947.21 · 7955.46 | 5117.00 - 5120.00 |
| UAE | 5.7038 - 5.7071 | 3.6725 - 3.6730 |

| | | | vght_ | month | mens | mins | Aea. | TKE. | rate | rate |
|-----------|--|--|--|--|--|--|--|--|---|--|
| | Belglum. | | 34 | 3& | 34 | 34 | 32 | 7.00 | 2.50 | |
| | week ago | | 35 | 32 | 33 | 3,7 | 3% | 7.00 | 2.50 | |
| er l | France | | 32 | 3% | 35 | 333 | 44 | 3.60 | - | 5.60 |
| er | week адо Септелу | | 3∰ 3; | 3% 30 | 3 <u>1</u> 34 | 37 374 | 4 <u>7</u> 3% | 3.60 4.50 | 2.50 | 5.60 3.30 |
| ٠ ا | week ago | | 30 30 | 3 | 34 | 31% | 3% | 4,50 | 2.50 | |
| | ireland | | 54 | 5% | 54 | 54 | 5% | ~~~ | | 6.25 |
| m. | week ago | | 53 | 576 | 54 | 5% | 523 | _ | - | 8.25 |
| is | italy | | 94 94 | 9 <u>2</u> 9 <u>2</u> | Đ <u>ĩ</u> | 84 | 84 | - | 9.00 | |
| D- 1 | waak ago Retherlands | | 3% | 25 | 37 92 | 83 34 | 8 <u>&</u> 3 <u>2</u> | | 9.00 | |
| of i | week ago | | 22 | 28 | 3 | 34 | 3.6 | _ | 3.00 | |
| ic | Switzerland | | 24 | 24 | 22 | 24 | 25 | 5.00 | 1.50 | |
| id | week ago | | 246 | 25 | 24 | 2% | 24 | 5.00 | 1.50 | |
| ft | week ago | | 5 <u>å</u> 5 <u>å</u> | 5 <u>4</u> 52 | 5% 5% | 52 50 | 6 <u>4</u> | _ | 5.00 5.00 | |
| re | Jepen | | 12 | 7 | - 4 | - 2 | 116 | _ | 0.50 | - |
| | week ago | | ě | 4 | 3 | | 1 | - | 0.50 | |
| ים יו | # \$ LIBOR F | T Londo | | | | | | | | |
| a- | Interbenk Fo | dng | - | 514 | 54 | 53 | 88 | - | - | _ |
| e- | week ago | _ | - | 51/2 | 52 | 50 | 83 | _ | - | - |
| ed | US Dollar C | Ds | - | 5.20 5.20 | 5.35 | 5.53 | 5.93 | - | - | _ |
| D- | week ago ECU Linked | Da. | - | محب 44 | 5.33 4 <u>1</u> 3 | 5.4 6 4 <u>2</u> | 5.7 6 4 <u>1</u> 8 | _ | - | _ |
| e- | week ago | | _ | 4 | 4 | 43 | 4% | _ | Ξ | |
| ie į | SDR Linked | Da | - | 3 | 3]] | 33 | 32 | _ | - | - |
| 0 | week ago | | - | 38 | 311 | 33 | 35 | - | - | - |
| it (| S LISOR Interter at 110th each | ink fbang i Wanting d | estes en Sov. Tod | e ciliarec | frates for | \$100 cuci | led to the H Book of 1 | erket by | four rek | erence barries |
| ic | Westminster. | | | | | | | _ | - | |
| | Mild rates are to | | | | | | | GDA LIN | ged besi | Carry (Da). |
| <u></u> { | EURO C | | | | | | | _ | | _ |
| _ | Jul 10 | | iori m | 7 da noti | iya . | One nonth | months | S | | One |
| - 1 | | | | | | | | mar | | year |
| 9 | Balgian Franc Danish Krone | 34 | - 3 ¹ , | 3 ³ 8 - 3(3 - | 34 3 | i - 3 ¹ 4 | 312 - 31 | 358 | | 3월 · 3월 |
| | D-Mark | 33. | 314 | 313 - | 375 3° | 1 - 34 3 - 33 | 332 - 34 34 - 34 | | - 3 <u>(</u> - 3 <u>.</u> | 3}} · 3}2 |
| ٠ ا | Dutch Guilder | 3/5 | - 3 ¹ e | 31. | | 3 | 31 - 31 | 3,1 | | 311 - 312 |
| | French Franc | 312 - | - 3 5 6 | 38 - | 343 3 | 면 - 3 <u>1</u> 일 | 376 - 374 | 4 - | 3% | 44 - 44 |
| 0 | Portuguese Es | C. 7½ | - 73 ₈ | 7,7 | 7]] 7, | 2 - 7 1 1 | 75 - 75 | 7 <u>33</u> - | 74 | 711 - 74 |
| ' | Spanish Paset | a 7,4 | - 7/4 | 73. | 76 7 | 13 - 7/2 | 74 - 74 | 76 | · 71g | 7g · 7 |
| = J | Sterling Swiss Franc | | - 5월 - 2일 | 5¾ - 2½ - | 25 24 25 24 | 4 · 5/1 6 - 21 ₂ | 3월 - 5弘 2월 - 2월 | 5월 · | | 5) 53 3 - 24 |
| | Can. Dollar | | - 4.2 | 44 | 4.2 4 | - 45 | 43 - 44 | 2일 · 5일 · | | 5, 5 |
| _ | US Dollar | 54 | - 5 | 54. | - 5 5 ¹ | 2 - 5 | 5H - 512 | 54 <u>.</u> | · 5i3 | 6, 6, |
| an ∣ | italan Ura | | - 9 ¹ 4 | 94 - | | 6 - 9à | 84 - 85 | 8,, | - 8 ₁₆ | 811 - 84 |
| _ | Yen | | | | | | | | | |
| _ | | 35 | - 14 - 01- | ել. 15 | | 2 - 4 | 4 - 4 | 17. | 16 | , 및 - 원 |
| _ | Asian \$Sing | 25 | . 2l <u>2</u> | 212 - | 21 3 | - 24 | 34 - 34 | 34. | 34 | 34 - 34 34 - 34 |
| - | Asian \$Sing Short term rate | ، 25 ₅ ادده دها | . 2½ for the | 21% - US Dal | 2∰ 3 berand Ye | - 2% n. others: | 3/2 - 3/2 two days': | 314 - | . 31 ₈ | 314 - 31 |
| | Asian \$Sing | 2 ⁵ g on call ONTH P | tor the | 212 - US Dol PUTU | 2년 S Brand Ye RIES (MA | - 23 m. others: TIP) Peris | 3/2 - 3/2 two days Interbant | 314 - | d rate (f | 3,1 - 3,1 FFr <u>5m)</u> |
| | Asian SSing Short term rate III THEREE M | 25g. e are call CONTIN P Open | - 2½ tor the EBOR Sett p | 212 - US Dol PUTU Pice | 2{} S brand Ye RES (MA Change | - 23 m, others: ITIP) Peris High | 3/2 - 3/2 two days' i Interbank Low | 3 ¹ 4 - rotice. coffened | : 31 ₈ d rate (f st. vol | 3¼ · 3¼ FFr 5m) Open int. |
| | Asian \$Sing Short term rate III THERIEE M | 2 ⁵ g on call ONTH P | - 2½ for the TBOR Self p 96.1 | 21% - US Dol PUTU Price 02 | 2{} S ter and Ye RES (MA Change +0.08 | - 23 m. others (TIF) Perk High 96.04 | 3/1 - 3/1 two days' i Interbank Low 95.99 | 34 - notice. coffense Es | 31 ₆ d rate (f s. vol 0,048 | 3 3 - 3 1 FFr 5m) Open int. 68,029 |
| | Asian SSing Short term rate III THEREE M | 25g of call (ONTTH P Open 96.02 | - 2½ tor the EBOR Sett p | 216 - US Dal PUTUI Orice 1 02 83 | 2{} S brand Ye RES (MA Change | - 23 m, others: ITIP) Peris High | 3/2 - 3/2 two days' i Interbank Low | 34 - rotice. coffense Es | : 31 ₈ d rate (f st. vol | 3 1 · |
| | Asian SSing Short farm rate III THENEE M Sep Dec | 25g of call (ORTH P Open 96.02 95.80 | - 2½ for the TBOR Self p 96.1 | 216 - US Dal PUTUI Orice 1 02 83 | 2{} S ter and Ye REES (MA Change +0.08 +0.08 | - 2½ m. others: ATIP) Perk High 96.04 95.85 | 3/1 - 3/1 two days' i Interbank Low 95.99 95.77 | 34 - rotice. coffense Es | . 31 ₆ d rate (f st. vol 0,048 0,598 | 3 3 - 3 1 FFr 5m) Open int. 68,029 |
| | Asian SSing Short term rate III THEREE M Sep Dec Mar | 25g ore call CONTTH P Open 96.02 95.80 95.58 | - 2½ for the BBOR Self p 96.1 95.1 | 2% - US Dat PUTUI Price 02 83 57 | 212 S br and Ye RES (MA Change +0.08 +0.08 +0.05 | : - 2½ in, others: ATIF) Park High 96.04 95.85 95.60 | 3Å - 3Å two days' i i Interbank Low 95.95 95.77 95.55 | 34, notice. coffered | 31 ₉ d rate (f st. vol 0,048 0,598 0,562 | 3/4 - 3/4 FFr 5mi Open mt. 68,029 44,655 26,132 |
| | Asian SSing Short farm rate III THENEE M Sep Dec | 25g ore call (ORTH P Open 96.02 95.80 95.58 | - 2½ for the BBOR Self p 96.1 95.1 | 2% - US Doi PUTUI price 02 83 57 | 2\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\ | : - 2½ in, others: ATIF) Park High 96.04 95.85 95.60 | 3Å - 3Å two days' i i Interbank Low 95.95 95.77 95.55 | 34, notice. coffered | 31 ₉ d rate (f st. vol 0,048 0,598 0,562 | 3/1 - 3/1 FFr 5m) Open st. 68,029 44,655 26,132 |
| | Asian SSing Short farm rate IN THEREE M Sep Dec Mer | 25g ore call (ORTH P Open 96.02 95.80 95.58 OPEN E OPEN E | - 2½ for the BBOR Self p 96.1 95.1 | 2% - US Doi PUTUI price 02 83 57 | 212 S br and Ye RES (MA Change +0.08 +0.08 +0.05 | : - 2½ in, others: ATIF) Park High 96.04 95.85 95.60 | 3/4 - 3/4 two days' i Interbank Low 95.94 95.77 95.56 | 314 notice. coffered 20 3 9 5 4 coints of | 31 ₉ d rate (f st. vol 0,048 0,598 0,562 | 3/4 - 3/4 FFr 5mi Open mt. 68,029 44,655 26,132 |
| | Asian SSing Short ferm rate III THREEE M Sep Dec Mar II THREEE M Sep | 25 ₈ are call occurred P Open 96.02 95.80 95.58 ONTH E Open 96.56 | 2 ¹ 2 for the BBOR Self (95.1 95.1 Self (96.5 | 2% - US Dai PUTUI Pice 02 83 57 LANK 1 | 212 3 for and Ye RES (MA Change +0.08 +0.05 +0.05 PUTURE Change +0.01 | i - 2½ in, others: LTIP) Park High 96.04 95.85 95.60 SS (LIFFE) High 96.57 | 3/4 - 3/4 two days' interbank Low 95.96 95.77 95.56 DM1m p | 314 offenses of Es | 31 ₉ d rate (i ii, voi 1,048 596 ,562 f 100% f, voi 7899 | 3/1 - 3/1 FFr 5m) Open int. 65,029 44,655 26,132 Open int. 195455 |
| | Asian SSing Short term rate III THEREE M Sep Dec Mur | 25s one call CONTIN P Open 96.02 95.58 ONTIN E Open 98.56 98.37 | 2½ tor the 150Rt Seft p 96.1 | 2% - US Doi PUTUI Price 02 83 57 LANK I | 212 3 far and Ye RES (MA Change +0.08 +0.05 FUTURE Change +0.01 +0.03 | - 2½ n. others: LTIF) Park 96.04 95.85 95.60 ES (LIFFE) High 96.57 96.38 | 3/4 - 3/4 two days' i Interbank 95.96 95.77 95.56 DM1m p Low 96.54 96.34 | 314 otton Signature Sig | 31 ₉ d rate (f st. vol 1,048 ,596 ,562 f 100% ft. vol 7899 5597 | 3% - 3% FFr 5mg Open srt. 68,029 44,655 26,132 Open int. 195455 206706 |
| | Asian SSing short term rate III THEREE M | 25s ce coal CONTH P Open 96.02 95.80 95.58 ONTH E Open 96.56 96.37 96.01 | 2½ tor the 150Rt \$6.0 \$5.0 \$5.0 \$5.0 \$5.0 \$6.0 \$6.0 \$6.0 \$6.0 \$6.0 \$6.0 \$6.0 \$6 | 2% - US Doil PUTUI PUTUI Price D2 83 57 LAME L 15 16 13 | 212 3 lar and Ye RES (MA Change +0.08 +0.05 PUTURE Change +0.03 +0.03 +0.05 | 2 - 2½ n, others: High Perk 96.04 95.85 95.60 SS (LIFFE) High 96.57 96.33 98.05 | 3/4 - 3/4 two days" i Interbank 95.95 95.77 95.54 DM1m p Low 96.54 96.34 | 314 notice. coffense Est 3 9 5 4 coints of | 31 ₉ d rate (i st, vol 0,048 0,598 0,562 1 100% 1 vol 7899 5597 3964 | 3¼ - 3½ FFr 5m) Open mt. 65,029 44,655 26,132 Open int. 195455 208706 191254 |
| | Asian SSing Short form rate III THEREE M | 25s ce collicontrib p CONTRIB P Open 96.02 95.58 CONTRIB P Open 96.56 96.37 96.01 95.64 | 2½ for the Self p 96.1 95.1 Self p 98.3 98.0 95.6 | 2% - US Dol PUTUI orice 02 83 57 LANK : ifice 15 16 13 | 21/2 3 lar and Ye RES (MA Change +0.08 +0.05 PUTURE Change +0.03 +0.05 +0.05 +0.05 | i - 2½ n, others: ATIP) Park High 95.85 95.60 SS (LIFFE) High 96.57 96.57 96.05 95.67 | 3/4 - 3/4 two days in Interbank Low 95.97 95.57 95.54 Low 96.54 96.54 95.56 95.60 | Signature Communication Commun | 31 ₉ d rate (i st, vol 0,048 0,598 0,562 1 100% 1 vol 7899 5597 3964 7237 | 3% - 3% FFr 5mg Open srt. 68,029 44,655 26,132 Open int. 195455 206706 |
| | Asian SSing short term rate III THEREE M | 25 to coll (METH P P 98.02 95.80 95.58 OPTH E 98.37 96.01 95.64 OPTH E 98.56 99.01 95.64 OPTH E 98.65 | 212 for the BEOR Self ; 95.0 Self ; 98.5 98.5 98.5 98.5 00ROL | 2% - US Doi PUTUI orice 02 83 57 LAINK 1 15 6 8 83 85 88 | 211 3 br and Ye RES (MA Change +0.08 +0.05 FUTURES +0.01 +0.03 +0.05 +0.05 +0.05 | 24 - 24 m, others: (TIP) Parks High 96.04 95.85 95.60 S (LIFFE) 96.57 96.33 98.05 95.67 (LIFFE)** | 3/4 - 3/4 two days is interchants in interchant Low 95.9: 95.77 95.5/4 DM1m p Low 96.54 96.34 96.34 95.99 95.60 L1000m p | 314 - oritica. coffenses 2 20 3 9 5 4 coints of Es 21 41 coints of | 31 ₉ d rate (i st. vol 0,048 1,562 1,00% | 3¾ - 3½ FFr 5mi Open st. 68,029 44,655 26,132 Open int. 195455 208706 112340 |
| | Asian SSing Short form rate III THREE M | 25 to coll (1985) 25 to coll (| 212 for the BEOR Self p 96.1 95.5 96.5 96.5 96.5 96.5 96.5 96.5 96.6 96.5 | 2% - US Dol PUTUI orice 02 83 57 LANK : Side (8) 83 85 86 83 85 86 86 86 87 | 211 3 br and Ye RES (MA Change +0.08 +0.05 -0.05 -0.03 +0.05 +0.05 +0.05 +0.05 +0.05 -0.05 +0.05 -0.05 -0.05 -0.05 | 24, m, others: (TIF) Peris High 96.04 95.85 95.60 SS (LIFFE) High 96.57 96.35 96.05 95.67 (LIFFE) | 3/4 - 3/4 two days is interchants in interchant Low 95.9: 95.77 95.5/4 Cow 96.54 96.54 95.96 95.60 L1000m p | 314 - rotten. coffenect 20 20 9 3 4 coints of | 1 min (fi 1 min (fi 1, vol 1,048 1,598 1,562 1 100% 2 vol 7899 5597 3864 77237 1 100% 1, vol | 3¼ - 3¼ FFr 5m) Open int. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 |
| | Asian SSing Short term rate III THEREE M | 25s con 25s co | 2½ ter the 96.1 95.1 95.2 98.5 98.5 98.5 98.5 98.6 95.8 97.7 | 215 - US Dali PUTUI orice 02 83 57 LANK 1 15 16 13 15 16 17 17 17 17 17 17 17 17 17 17 17 17 17 | 211 3 ar and Ye RES (MA Change +0.08 +0.05 -0.05 -0.05 +0.05 +0.05 +0.05 +0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 | 2-2½ r., others: CTIF) Period 96,04 95,85 95,60 SS (LIFFE) 96,57 96,33 98,33 98,33 98,567 (LIFFE) High 11,82 | 3/4 - 3/4 two days is intertrained. Low 95.93 95.57 95.56 C EM1m p Low 96.54 96.34 95.98 9 | Style - Contract of Contract o | 31 ₆ d rate 6 at, vol 1,048 1,568 1,562 f 100% c. vol 7899 5597 3964 7237 f 10066 at, vol 2834 | 3¾ - 3½ FFr 5m) Open st. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open st. 58854 |
| | Asian SSing short term region and state and st | 25s care call ONTH F Open 98.02 95.80 95.58 ONTH E OPEN 98.37 96.01 96.84 ONTH E OPEN 96.17 96.19 96.85 | 21/2 for the 1880R Self (95.1 95.6 Self (98.3 96.0 95.6 Self (97.7 92.1 | 215 - US Dail PUTUI Pice 02 83 57 LAINK 1 15 16 16 17 17 17 | 212 3 ar and Ye RES (MA Change +0.08 +0.05 FUTURE +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 -0.08 -0.09 | - 2%, r., others: ITIF) Perk 96.04 95.85 95.60 SS (LIFFE) 196.57 96.33 98.05 95.67 (LIFFE) High 91.34 92.21 | 3/1 - 3/1 two days' is inter-bank Low 95.34 95.77 95.52 PM Im p Low 96.54 96.34 95.99 95.60 L1000m p Low 91.64 92.14 | Statement of the statem | 31 ₆ d rate 6 k, vol 1,048 1,562 1 100% 1 vol 7899 3864 7237 1 100% 1, vol 2834 3462 | 3¾ - 3¼ FFr 5m) Open st. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open st. 58854 35011 |
| | Asian SSing Short term rate III THEREE M | 25s e ce call ONTH F Open 96.02 95.80 95.58 ONTH S ONTH S 0.00 96.57 96.01 95.84 ONTH S 96.77 96.77 96.77 96.77 96.77 96.77 96.77 | 2½ for the BEOR 96.1 95.2 95.2 96.5 96.5 96.5 95.6 95.6 95.2 95.2 95.2 95.2 95.2 | 215 - US Dail PUTUI Pice 102 83 57 LANSK 1 15 8 13 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16 | 212 3 ar and Ye RES (MA Change +0.08 +0.05 PUTURE +0.01 +0.05 +0.05 +0.05 FUTURE +0.05 FUTURE +0.05 FUTURE +0.05 FUTURE +0.05 +0.05 FUTURE +0.05 | - 24 m. others (THP) Perk 96.04 95.85 95.60 S (LIFFE) High 96.57 98.05 96.05 96.05 (LIFFE) High 97.82 92.21 62.21 62.21 | 3/4 - 3/4 two days' is interbank. Low 95.93 95.57 95.55 17 1000m p Low 91.64 92.10 92.29 | Stanovices. Confinence | 31 ₉ d rate 6 st. vol. 1,048 1,598 1,562 1 100% 1 vol. 7899 5597 3864 7237 1 100% 1 vol. 2844 2844 2897 | 3-1, - 3-1, FFr 5m) Open srt. 68,029 44,655 26,132 Open srt. 195455 208706 191254 112340 Open srt. 58854 35011 20872 |
| | Asian SSing Short term rate III THEREE M | 25s control of the co | 212 for the 1850 ft 95.5 95.6 98.3 98.0 95.6 00 FROL Sett p 91.7 92.1 92.3 92.3 | 216 - US Dail PUTUII Drice 102 BS3 S57 LAMBE 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | 212 3 for and Y/ RESS (MA) +0.08 +0.05 FUTURES +0.01 +0.03 +0.05 FUTURES -0.03 +0.05 FUTURES -0.04 -0.04 -0.01 +0.01 | - 25, company of the | 3/t - 3/t tro clays' is inter-bank to clays' 95.5? P. DM Im. p. Low 98.54 96.34 95.99 95.00 L1000m p. Low 91.64 92.10 92.20 92.22 | Stanovices. Confinence Confi | 31 ₉ d rate 6 s. vol 1,048 1,598 1,562 1 100% 2 vol 7899 5597 3964 7237 1 100% 2 vol 2834 3482 1297 1206 | 3-3-3-3-3-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5 |
| | Asian SSing Short form rate III THEREE M | 2% control of the con | - 2½ for the 1850R Seff ; 96.5 85.1 85.0 85.0 96.0 96.5 96.0 96.1 96.1 96.2 97.7 92.1 92.3 | 213 - US DOI PUTUI DI COMESS | 212 Sar and Year and Year and Year Sar and Year Sar Annual Yea | - 2% - 2% - 1, others - 111P) Peris - 111P) 96.04 95.60 95.60 95.67 96.37 98.35 98.05 95.67 (UFFE) High 91.82 92.21 92.37 FUTURS | 3/4 - 3/4 two days' is interbank. Low 95.93 95.77 95.55 Philippe Low 96.54 96.34 95.90 L1000m p Low 91.64 92.29 92.28 92.28 93.60 L17FE) | SFr1m | 3 to 3 to 4 to 4 to 4 to 4 to 4 to 4 to | 3-1 - 3-1 FFF 5m) Open int. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% |
| | Asian SSing short term rate: II THEREE M Sep Dec Mar Jun 11 THEREE M Sep Dec Mar Jun 12 THEREE M Sep Dec Mar Jun 13 THEREE M II THEREE M | 2% a cre call p Open 98.02 95.80 95.58 Open 98.57 98.37 98.01 95.84 Open 95.87 92.19 92.33 ONITH E Open | 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 | 241 - US Doll | 212 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 | - 2% - 2% - All Peres - High 96,04 95,85 95,85 95,85 96,57 96,38 96,05 96,36 96,05 96,36 96,05 96,36 96,37 10FFEP High 91,82 92,21 62,36 92,37 FUTURS | 3/1 - 3/1 two days' in Interbank Low 95.9: 95.7 PM1m p Low 96.54 96.34 96.34 96.39 96.00 L1000m p Low 91.64 92.10 92.29 92.28 | 34 - Control of the c | 3 kg d rate 6 kg, vol. 1,0048 kg,596 kg,562 | 3-1 - 3-1 FFr 5m) Open st. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open int. 58654 35011 20872 11252 of 100% |
| | Asian SSing short term rate in THISTIGE MI | 2% are call of the | - 2½ ter the 1850R 1850R 95.6 95.6 95.6 95.5 96.5 96.5 96.5 96.5 | 211 - US DOI 19 19 19 19 19 19 19 19 19 19 19 19 19 | 212 3 ter and Ye ter a | - 2% others | 3/1 - 3/1 two days' is Inter-bank Low 95.91 | 34- offered of the second of t | 34s d rate 6 st, vol 1,048 5,596 1,009 1,00 1,00 | 3¾ - 3½ FFr 5m) Open st. 68,029 44,655 26,132 Open st. 195455 206706 191254 112340 Open st. 58654 120872 120872 112522 of 100% Open int. 37863 |
| | Asian SSing Short form rate III THREE ME Sep Dec Mar Jun III THREE ME Sep Dec Sep Dec | 2% is are call others of the call of the call others of the call other | - 2½ ter the fire Sent p 96.6 95.6 95.6 95.6 95.6 95.6 95.7 95.7 92.1 92.3 92.3 92.9 97.9 | 213 - US DOING US DOING PRICE | 212 3 for and Ye for a | - 24 m. others (TH) Perk 96.04 95.85 95.60 S (LIFFE) High 96.57 96.57 96.56 95.67 (LIFFE) High 97.82 92.21 High 97.32 97.12 | 3/4 - 3/4 two days' inter-bank in | State of the state | 3 kg dd rate (f. 1, vol. 1,048 s.,562 s. vol. 1,048 s.,562 s. vol. 1,00% | 3-1 - 3-1 FFr 5m) Open int. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 |
| | Asian SSing short term rate: II THEREE M Sep Dec Mar Sep Dec Mar Jun III THEREE M Sep Dec Mar Jun III THEREE M Sep Dec Mar Jun III THEREE M Sep Dec Mar | 2% is are call in the control of the | - 2½ tor the property of the p | 213 US DUIS DUIS DUIS DUIS DUIS DUIS DUIS D | 212 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 | - 2% in others: ITH) Perfect 11H) Perfect 11 | 3/1 - 3/1 two days' in Interbank Low 95.9: 95.77 95.5? PM1m p Low 96.54 96.34 95.99 95.60 L1000m p Low 91.64 92.10 92.28 (LIFFE) Low 97.25 97.25 97.86 96.87 | 344 Contras of Contras | 34s 4, vol. 1,048 1,598 5,562 1,100% 1,1 | 3-1 - 3-1 FFr 5m) Open st. 68,029 44.655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 8573 |
| | Asian SSing short term rate in ITHSNEE MI I | 2% are call occurred to a construction of the | - 2½ Sent p 96.855, 85.60 p 96.855, 85.60 p 96.95, 96.85 p 96.95, 97.21, 92.3 92.3 Sent p 97.2 97.2 97.2 97.2 96.6 | 211 - IUS Dall Vice 102 Dall Vice 102 Dall Vice 102 Dall Vice 102 Dall Vice 103 Dall V | 212 3 ter and Ye ter a | - 24 m. others. III Pers. | 3/1 - 3/1 two days i i Interbank Low 95.9: 95.7: 95.5: C DM1m p Low 96.54 96.34 95.98 L1000m p L000 91.64 92.29 93.60 96.61 | Style | 34s 34s 34. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,009 1,00 | 3-1 - 3-1 FFr 5m) Open int. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 |
| | Asian SSing short term rate in ITHSNEE MI I | 2% are call power of the collection of the colle | - 2½ 96.6 95.6 95.6 95.6 95.6 95.6 95.6 95.6 | 213 1215 | 212 3 ar and Ye Ress (MA 108 +0.08 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 +0.05 +0.06 +0.06 +0.06 +0.06 +0.06 +0.08 +0.08 +0.08 +0.08 +0.05 +0.05 +0.05 +0.05 +0.08 +0.08 +0.08 +0.08 +0.08 +0.05 + | - 24 m. others. (III) Perfect. (III) Perfect. (IIII) Perfect. (IIII) Perfect. (IIIII) Perfect. (IIIIIII) Perfect. (IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII | 3/1 - 3/1 two days i i Interbank Low 95.9: 95.7: 95.5: C DM1m p Low 96.54 96.34 95.98 L1000m p L000 91.64 92.29 93.60 96.61 | 344 - Oriente of Orien | 3/s d rate (i a. vol 1,048 s. vol 1,048 s. 562 s. vol 100% s. vol | 3-1, - 3- |
| | Asian SSing Short term rate in ITHSNEE MI THRNEE MI Sep Dec Mar Jun III THRNEE MI | 2% are call own of the call ow | - 2½ Sent p 96.855, 85.60 p 96.855, 85.60 p 96.95, 96.85 p 96.95, 97.21, 92.3 92.3 Sent p 97.2 97.2 97.2 97.2 96.6 | 213 1215 | 212 3 ter and Ye ter a | - 24 m. others. III Pers. | 3/1 - 3/1 two days i i Interbank Low 95.9: 95.7: 95.5: C DM1m p Low 96.54 96.34 95.98 L1000m p L000 91.64 92.29 93.25 94.65 95.67 96.67 | 344 - Oriente of Orien | 34s 34s 34. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,009 1,00 | 3-1 - 3-1 FFr 5m) Open st. 68,029 44.655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 8573 |
| | Asian SSing Short form rate III THREE ME Sep Dec Mar Jun III THREE ME Sep Sep | 2% a | - 2½ Sent p 96.5 Sent p 98.5 Sent p 98.5 Sent p 97.2 Sent p | 211 - I USUNIUS USUNI USUNIUS | 212 3 ar and Ye are and Ye are and Ye are and Ye Change +0.08 +0.05 FUTURES Change +0.01 +0.05 +0.05 FUTURES Change -0.04 -0.01 FRANC Change +0.05 TURNES Change +0.05 Change +0.05 Change +0.05 Change +0.05 Change +0.06 | - 2% in others in other in others in other in othe | 3/1 - 3/1 interbank Low 95.9: 1 interbank 95.9: 95.7: 95.5: 95.7: 95.5: 95.7: 95.5: 95.6: 95 | 34, | 3 lg d rate 6 d rate | 3-1 - 3-1 FFr 5m) Open int. 68,029 44,655 26,132 Open int. 19545 26,132 Open int. 19544 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 9573 1479 Open int. na |
| | Asian SSing short term rate. III THEREE M. Sep Dec Mar Jun 11 THEREE M. Sep Dec Mar Jun 12 THEREE M. | 2% are call own of the call ow | - 2½ Seft F 96.5 Seft F 97.2 Seft F 97.2 Seft F 97.3 Seft F 97.8 Seft F 97.8 Seft F 97.8 Seft F 97.8 Seft F 96.8 Seft F 97.8 Seft F | 213 - 1921 - 192 | 212 3 ar and Ye Ress (MA 108 + 0.08 + 0.08 + 0.05 + | - 24 min others in the part of | 3/1 - 3/1 two days' in Interbank Low 95.95.77 95.55 **DM1m p | 34, | 3 lg d rate fi ii. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,009 | 3-1, - 3-1, FFr 5m) Open st. 68,029 44.655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 8573 1479 Open int. na |
| | Asian SSing short term rate in in THEREE IN INTERPREE | 2% is are call occurred to a period of the call occurred to the call occ | - 2½ - 2½ - 96.6 - 95.6 - 95.6 - 95.6 - 96.6 - 95.6 - 97.2 - 97.1 - 96.6 - 97.2 - 97.1 - 96.6 - 98.1 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 | 211 - I I I I I I I I I I I I I I I I I I | 212 3 for and Ye for and for and Ye for and for a | - 24 m. others (ILIFFE) Parks (ILIFFE) Parks 95.60 Ps.657 95.67 Ps.657 95.67 Ps.657 Ps | 3/1 - 3/1 two days' is Inter-bank Low 95.95.77 95.52 1.000 1.0 | Style | 3 lg d rate 6 d rate | 3-1 - 3-1 FFr 5m) Open int. 68,029 44,655 26,132 Open int. 19545 26,132 Open int. 19544 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 9573 1479 Open int. na |
| | Asian SSing short term rate. III THEREE M. Sep Dec Mar Jun 11 THEREE M. Sep Dec Mar Jun 12 THEREE M. | 2% is are call occurred to a period of the call occurred to the call occ | - 2½ - 2½ - 96.6 - 95.6 - 95.6 - 95.6 - 96.6 - 95.6 - 97.2 - 97.1 - 96.6 - 97.2 - 97.1 - 96.6 - 98.1 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 | 211 - I I I I I I I I I I I I I I I I I I | 212 3 for and Ye for and for and Ye for and for a | - 24 m. others (ILIFFE) Parks (ILIFFE) Parks 95.60 Ps.657 95.67 Ps.657 95.67 Ps.657 Ps | 3/1 - 3/1 two days' is Inter-bank Low 95.95.77 95.52 1.000 1.0 | Style | 3 lg d rate fi ii. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,009 | 3-1, - 3-1, FFr 5m) Open st. 68,029 44.655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 8573 1479 Open int. na |
| | Asian SSing short term rate in in its | 2% is are call occurred to a period of the call occurred to the call occ | - 2½ - 2½ - 96.6 - 95.6 - 95.6 - 95.6 - 96.6 - 95.6 - 97.2 - 97.1 - 96.6 - 97.2 - 97.1 - 96.6 - 98.1 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 - 98.3 | 211 - I PUTU PUTU PITU PITU PITU PITU PITU PI | 212 3 for and Ye for and for and Ye for and for a | - 24 m. others (ILIFFE) Parks (ILIFFE) Parks 95.60 Ps.657 95.67 Ps.657 95.67 Ps.657 Ps | 3/1 - 3/1 two days' is Inter-bank Low 95.95.77 95.52 1.000 1.0 | 344 - Oriente of Control of Contr | 3 lg d rate fi ii. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,598 1,009 | 3-1, - 3-1, FFr 5m) Open st. 68,029 44.655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 8573 1479 Open int. na |
| | Asian SSing Short term rate in THISTEE ME THISTEE ME Sep Dec Mar Jun 18 THISTEE ME | 2% are call occurred to a construction of the | - 2½ 96.6 95.6 95.6 95.6 95.6 95.6 95.6 95.6 | 211 - 121 - | 212 3 for and Ye for and for and Ye for and for a | - 24 m. others (IIII) Perfect (IIII) Perfect (IIII) Perfect (IIII) Perfect (IIIII) Perfect (IIIII) Perfect (IIIIII) Perfect (IIIIIII) Perfect (IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII | 3/1 - 3/1 two days in Inter-bank 1 Inter-ban | 344- control of the second of | 34s d rate fi s. vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,009 1,0 | 3-1, - 3-1, FFr 5m) Open st. 68,028 44,655 26,132 Open int. 195455 208706 191254 112340 Open st. 58654 35011 20872 11252 of 100% Open int. 37863 22227 8573 1479 Open int. na na |
| | Asian SSing Short term rate III THEREE ME Sep Dec Mar Jun III THEREE ME THEREE ME THEREE ME THEREE ME THEREE ME Sep Dec Mar Jun III THEREE ME Sep Dec Mar Jun III THEREE ME Sep Dec Mar Jun III THEREE ME THEREE ME THEREE ME | 2% are call own of the call ow | - 2½ - 96.6 - 95.6 - 95.6 - 95.6 - 96.6 - 95.6 - 96.6 - 95.6 - 97.2 - 97.1 - 96.6 - 96 | 213 - 1215 - 121 | 212 3 for and Ye for and for and Ye for and for a | - 24 m. others (ILIFFE) Parks (ILIFF | 3/1 - 3/1 two days' is Inter-bank two days and the second se | 34, - Confidence of the confid | 3/s a, vol 1,048 1,598 1,598 1,598 1,598 1,598 1,598 1,00% 1,0 | 3-1 - 3-1 FFF 5m) Open stt. 68,029 44,655 26,132 Open stt. 195455 206706 191254 112340 Open stt. 58654 132011 20872 11252 of 100% Open stt. 37863 22227 9573 1479 Open int. na na na |
| | Asian SSing Short form rate in THEREE ME Sep Dec Mar Jun in THEREE ME Sep Dec Mar In THEREE ME | 2% is are call contributed by the contributed by th | - 2½ - 24 - 26.6 | 211 - 121 - | 212 3 for and Ye for and for any for | - 24 m. others: (ILIFFE) Parks 95.85 95.60 SS (LIFFE) High 96.57 96.05 95.67 High 97.32 92.21 High 97.32 96.63 96.75 | 3/1 - 3/1 two days in Interbank Low 95.9: 95.77 95.55 Points of 1 Low 97.25 97.25 Points of 1 Low 98.37 Points of 1 Low 98.38 Points On 1 Low 98.38 Points | 344 - control of contr | 3 kg d rate 6 d rate | 3-1 - 3-1 FFr 5m) Open int. 68,029 44,655 26,132 Open int. 195455 208706 191254 112340 Open int. 58854 35011 20872 11252 of 100% Open int. 37863 22227 9573 1479 Open int. na na na na na |
| has to | Asian SSing Short term rate III THEREE ME THER | 2% is are call in order of the | - 2½ Seft F 96.5 Seft F 96.6 Seft F | 211 - 121 - | 212 3 ar and Ye Ress (MA 1998 + 0.08 + 0.08 + 0.05 | - 2% - 2% - 2% - 2% - 2% - 2% - 2% - 2% | 3/1 - 3/1 two days in interchange in | State of the state | 3 kg d rate fi a. vol 1,048 s. 562 s. vol 100% s. v | 3/i - 3/i FFr 5m) Open st. 68,029 44,655 26,132 Open int. 195455 206706 191254 112340 Open st. 58854 35011 20872 11252 of 100% Open int. 37883 22227 8479 Open int. na na Open int. 7572 5077 |
| | Asian SSing Short term rate in THISTEE ME | 2% is are call contributed by the contributed by th | - 2½ Seft p 96.5 Seft p 96.5 Seft p 96.5 Seft p 96.5 Seft p 96.6 Seft p 97.2 Seft p 97.2 Seft p 96.6 S | 213 - 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 | 212 3 ar and Ye Res (MA) 40.08 +0.08 +0.08 +0.05 PUTURES (MA) +0.05 +0.05 +0.05 +0.05 +0.05 PUTURES (MA) +0.05 +0.05 +0.05 +0.05 +0.06 +0.06 +0.06 +0.05 PUTURES (Change +0.06 +0.05 Change +0.05 | - 24 m. others: (ILIFFE) Parks 95.85 95.60 SS (LIFFE) High 96.57 96.56 95.67 High 97.32 92.21 High 97.32 96.63 92.37 FUTURE 96.95 96.63 96.75 96.63 96.75 96.63 96.75 96.63 96.75 96.83 96.75 | 3/1 - 3/1 two days' is Inter-bank 1 town 95.54 95.57 95.55 1 town 95.54 96.54 96.54 1 town 97.25 97.06 98.75 96.67 100m points of 1 town 98.35 96.75 points of 1 town 95.54 95.54 95.54 95.54 | State of the state | 3 kg dd rathe (f at, vol 1,048 kg,562 to 100% | 3-1 - 3-1 FFF 5m) Open stt. 68,029 44,655 26,132 Open stt. 195455 266706 191254 112340 Open stt. 58654 132011 20872 11252 of 100% Open stt. 7572 9573 1479 Open stt. 7572 5077 3085 |

WORLD INTEREST RATES

MONEY RATES

Extropa Austria Beiglum Denmark Finland France Germany Greece Ireland Rally Notherlands Norway Portugal Spain Sweden Switzerland UK 106.4 107.4 83.8 109.0 12508 +0.0022 497 - 508 1.2525 1.2470 1.249 1.2 1.246 1.4 1.2327 1.4 2.1138 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5581 2.15632 0.2 1.5636 0.0 1.5681 2.15632 0.2 1.5682 0.2 1.5681 2.15632 0.2 1.5682 0.2 1.5682 2.15632 0.2 1.5682 2.1 Hong Kong Hong Kong India Israel Japan Malaysia New Zaaland Philippines Saudi Arabia 132.8 Singapore South Africa

| kul 10 | | Closing nid-point | Change on day | Bld/offer spread | Day's high | mid low | One mo | eth %PA | Three mo | osths %PA | One ye Rate | %PA | J.P Morga index |
|---------------------|----------------|----------------------|------------------|----------------------------|---------------|------------|------------------|------------|----------|--------------|----------------|-------|--------------------|
| Europe | | - | | | | | | _ | | | | | |
| Austria | (Soh) | 10.7297 | +0.0088 | 267 - 327 | 10.7450 | 10.7170 | 10,7102 | 2.2 | 10.6682 | 2.3 | 10.4847 | 2.3 | 104.7 |
| Belghum | (BFr) | 31.4100 | +0.03 | 900 - 300 | 31,4400 | 31,3880 | 31.355 | 2.1 | 31,24 | 22 | 30.7 | 2,3 | 108.1 |
| Denimerk | (DKr) | 5.8735 | +0.0042 | 720 - 750 | 5,8818 | 5.8710 | 5.866 | 1,5 | 5.849 | 1.7 | 5.78 | 1.6 | 108.7 |
| -Intend | (FM) | 4.6568 | +0.0002 | 533 - 603 | 4.6675 | 4,6533 | 4.6503 | 1.7 | 4.6383 | 1.6 | 4.5928 | 1.4 | 82.9 |
| Tance | (FFF) | 5.1602 | +0.0029 | 595 - 608 | 5.1706 | 5.1500 | 5.1532 | 1.6 | 5.139 | 1.6 | 5.0712 | 1.7 | 108.5 |
| Sermany ' | (DM) | 1.5246 . | +0.0018 | 242 - 249 | 1.5276 | 1.5230 | 1.5221 | 2.0 | 1.5163 | 2.2 | 1.4881 | 2.4 | 107.7 |
| ≟reece. | (Dr) | 238.425 | +0.085 | 310 - 540 | 239,930 | 238.700 | 241,1 | -8.4 | 244.45 | -8.4 | 258,425 | -7.9 | 67.4 |
| reland | (22) | 1.5936 | +0.0023 | 930 - 942 | 1.5855 | | 1.5941 | -0.4 | 1,595 | -0.4 | 1.5865 | 0,4 | - |
| taly . | (1) | 1534,74 | +2.69 | 416 - 532 | 1536.75 | 1531.22 | 1539 <i>.</i> 49 | -3.7 | 1547.84 | -3.4 | 1570.39 | -2.3 | 76.5 |
| Linembourg | (LFr) | 31.4100 | +0.03 | 900 - 300 | 31,4400 | 31,3880 | 31.357 | 20 | 31.2505 | 2.0 | 30,77 | 2.0 | 106.1 |
| letheriands | (FI) | 1.7110 | +0.0016 | 106 - 114 | 1.7132 | 1.7101 | 1.7077 | 2.3 | 1.7006 | 24 | 1.6688 | 2.5 | 106.0 |
| lorway | (NKI) | 6.5206 | +0.0028 | 168 - 243 | 6.5340 | 5.5120 | 6.5176 | 0.5 | 6.5121 | 0.5 | 6.4758 | 0.7 | 97.8 |
| ortugal | (Es) | 158,750 | +0.1 | 700 - 800 | 156,890 | 158,600 | 157.085 | -24 | 157.655 | -23 | 159.8 | -1.9 | 94.8 |
| Spein | (Pte) | 128.265 | +0.06 | 220 - 810 | 128,370 | 128.210 | 128.515 | -23 | 128,945 | -21 | 130,485 | -1,7 | - 80.2 |
| weden | (SKI) | 6.6668 | -0.0152 | 619 - 716 | 6.6974 | 6.6601 | 6.6779 | -2.0 | 6.8953 | -1.7 | 6.7373 | -1.1 | 89.2 |
| witzerland | (SFr) | 1.2626 | +0.0018 | 621 - 530 | 1.2645 | 1.2611 | 1.2591 | 3.4 | 1.2516 | 3.5 | 1,2181 | 3.5 | 109,8 |
| K | œ. | 1.5535 | +0.0018 | 531 - 538 | 1.5538 | 1.5475 | 1.5532 | 0.2 | 1.5536 | 0.0 | 1.5581 | -0.3 | 86.0 |
| CU | | 1.2425 | -0.0008 | 422 - 428 | 1.2429 | 1.2403 | 1.2432 | -0.7 | 1,2449 | -0.8 | 1.2537 | -0.9 | |
| SDR† | - | 0.86398 | - | | - | | | - | | • | - | - | - |
| mericas | | | | | | | | | | | | | |
| impentine. | (Pesc) | 0.9986 | - | 985 - 987 | 0.9999 | 0.9985 | - | - | - | - | - | - | - |
| रेक्टरे | ` (RS) | 1,0055 | +0.0003 | 053 - 056 | 1.0056 | 1.0053 | | - | - | - | - | - | |
| Canada | (CS) | 1,3687 | -0.0009 | 684 - 689 | 1,3691 | 1.3671 | 1.3885 | 0.1 | 1,3688 | 0.0 | 1.3716 | -0.2 | 83.5 |
| dexico (New | Peso) | 7.6165 | -0.023 | 130 - 200 | 7.6200 | 7.6130 | 7.778 | -25.4 | 7.983 | -18.2 | 9.7265 | -27.7 | |
| ISA | (5) | - | | | | | | | | | | | 98.3 |
| actic/Middle | | frice | | | | | | | | | | | |
| ustrale | (AS) | 1,2531 | -0.0023 | 523 - 539 | 1,2563 | 1.2523 | 1.2551 | -1.9 | 1.2526 | -1.8 | 1.2773 | -1.9 | 95.5 |
| long Kong | (1-2(S) | 7.7383 | | 388 - 398 | 7.7398 | | 7.74 | -0.1 | 7.7418 | -0.1 | 7.7688 | -0.4 | |
| ndia | (Ra) | 35.2500 | | 500 - 500 | | 35,0400 | 35.4 | -5.1 | 35,705 | -52 | 37.175 | -5.5 | |
| 436î | Shio | 3.1721 | | B97 - 744 | | 3.1697 | | - | - | | | | |
| acan | , w | 110.125 | | 100 - 150 | | 109,990 | 109.68 | 4.8 | 108.78 | 4.9 | 105.04 | 4.6 | 133.2 |
| Asiaysia. | (345) | 24913 | | 908 - 918 | | 2.4905 | 2.4922 | -0.4 | 2.4963 | -1.1 | 2.5218 | -1.2 | 1000 |
| lew Zealand | N230 | 1.4520 | | 510 - 531 | 1.4541 | 1.4510 | 1.4551 | -2.6 | 1,4809 | | 1.4855 | -23 | _ |
| | (Peso) | 26.1850 | | 500 - 200 | 26.2200 | | 1.7001 | -2.0 | 177003 | | | | |
| audi Arabia | (SR) | 3.7508 | | 504 - 508 | | 3.7504 | 3.751 | -0.1 | 3.7517 | -0.1 | 3.7551 | -0.1 | |
| incapore | (SS) | 1.4135 | | 130 - 140 | 1.4140 | 1.4130 | 1.41 | 3.0 | 1,404 | 2.7 | 1.3785 | 25 | |
| cuth Africa | (R) | 4.3310 | | 285 - 335 | | 4.3285 | 4.3785 | | 4.4885 | | 4.806 | | |
| cuth Korea | (Mon) | 811,000 | | 200 - 200 800 - 200 | 811.500 | | 4.0100 | -102 | 4.4003 | -12,7 | 4.000 | -113 | |
| enen ivoles Enem | (12) (avout | 27.5500 | | 000 - 000 | 27,8000 | | 27.555 | -0.2 | 27.56 | -0.1 | • | - | - |
| awan hailand | (Bt) | 25.4150 | | 050 - 250 | | | 25.5137 | | | | - | -4.7 | • |
| | | | | ugu - 230 n Dollar Spot | | | | | | | | | |
| | | | | | | | | | | | | | |

| are implied by | os for Juli 9. Estifolier spresde in the Pound Spot bable above only the last three decimal pile uplied by current interest rates. Sterling index calculated by the Benk of England. Base a size in both this and the Dollar Spot sables clarited from THE WIMPEUTERS CLUSING S | | | | | | | | average 1990 = 100. Index rabased 1/2/95. Bid, Offer 81 | | | | | † SCR rate per S for Jul 8. Bidfoffer spreads in ti market but are implied by current interest rates. U | | | | |
|-----------------|---|------------------|---------------------------|----------------|----------------|----------|--------------|--------------|---|----------------|----------------|------------------|-----------------------|--|--------|----------|----------------|---------------|
| | | | | | .= | | • • | | | <u>.</u> . | | | | | • | | | |
| CROSS | RATE | S AN | D DER | VATIV | ES | | • | | | | | | | | | | | |
| XCHAI | NGE CI | ROSS | RATES | , | | | | | | | | | _ | | | | • | |
| Jul | 10 | BFr | DKr | FPr | DM | ΙĘ | L | R | NECT | ᄩ | Pte | SKr | SPr | £ | C\$ | _ \$ | Y | Eou |
| elglum | (BFr | | 18.70 | 16.43 | 4.853 | 1.998 | 4986 | 5.448 | 20,76 | 499.1 | 408.5 | 21,23 | 4.019 | 2.060 | 4.357 | 3.185 | 350.7 | 2.562 |
| ennark | (DK | | 10 | 8.786 | 2.595 | 1.069 | | | 11.10 | 266.9 | 218.4 | 11,35 | 2.149 | 1.096 | 2.330 | 1.703 | 187.5 | 1.37 |
| rance | (FF: | | 11,38 | 10 | 2.954 | 1,218 | | | 12.64 | 303.8 | 248.8 | 1292 | 2.448 | 1.248 | 2.852 | 1,939 | 213A | 1.55 |
| erstauy | (DM | , | | 3.385 | 1 | 0.412 | | 1.122 | 4.278 | 102.8 | 84.16 | 4,375 | 0.828 | 0.422 | 0.898 | 0.656 | 72.26 | 0.52 |
| eland | QE | | 9.358 | B.222 | 2.429 | _ 1 | 2445 | | 10.38 | 249,7 | 204.4 | 10.63 | 2.011 | 1.026 | 2.181 | 1.594 | 175.5 | 1.28 |
| aly . | <u>a</u> | , | 0.383 | 0.338 | 0.099 | 0.041 | | 0.111 | 0.425 | 10.21 | 8.360 | 0.435 | 0.082 0.738 | 0.042 0.376 | 0.089 | 0.065 | 7.177 64.37 | . 0.05 |
| letherlands | | | | 3.016 | 0.891 | 0.367 | 896.9 | | 3.811 | 91.61 240.4 | 74.98 196.7 | 3.898 | 1.936 | 0.987 | 2.000 | 1.534 | 168.9 | 0.471 1.23 |
| louway . | (NK) | | | 7.913 | 2.338 0.972 | 0.982 | | | 10 4.160 | 100. | 196.7 81.85 | 1023 4.255 | 0.805 | 0.987 | 0.873 | 0.638 | 70.27 | 0.51 |
| ortugal | <u>(E</u> | | 3.747 | 3.292 | | 0.400 | | | 5.083 | 122.2 | 100. | 5.198 | 0.984 | 0.502 | 1.067 | 0.780 | 70.27 85.85 | 0.62 |
| pain. | (Pte | | | 4.022 | 1.188 2.286 | 0.486 | | 2.566 | 9.778 | 235.0 | 192.4 | 10 | 1,893 | 0.965 | 2.052 | 1.500 | 185.2 | 1.20 |
| weden | (SK) (SF) | | | 7.737 4.088 | 1.208 | 0.841 | 2301 1216 | | 5.166 | 124.2 | 101.6 | 5.263 | 1.083 | 0.510 | 1.084 | 0.792 | 87.25 | 0.63 |
| witzerland " | • | | | 8.016 | 2.368 | 0.497 | | 2.668 | 10.13 | 243.5 | 199.3 | 10.35 | 1.961 | 1 | 2.128 | 1.554 | 171.1 | 1.25 |
| K anada | (C\$ | | 4.292 | 3.770 | 1.114 | 0.375 | | 1.250 | 4.765 | 114.5 | 93.74 | 4.873 | 0.922 | 0.470 | 1 | 0.731 | 80.48 | 0.58 |
| | | . — | | 5.158 | 1.524 | 0.627 | | 1.710 | 6.519 | 156.7 | 128.2 | 6.667 | 1.262 | 0.844 | 1.368 | 1 | 110.1 | 0.80 |
| S | 2 | | | 4.685 | 1.384 | 0.570 | | | 5.921 | 142.3 | 118.5 | B.055 | 1.146 | 0.584 | 1.243 | 0.908 | 100. | 0.73 |
| cn athear | ,, | 39.03 | | 8.413 | 1.894 | 0.780 | | 2.126 | 8.104 | 194.8 | 159.4 | 8.268 | 1.569 | 0.800 | 1.701 | 1.243 | 138.9 | 1 |
| | | | OM 125,000 Change | per DM | | DW . | Est. vol | Open int. | <u>=</u> | • | | | (IMING) Yen Change | Hig | h L | ow E | | Open li |
| 80 | 0.6581 | 0.6585 | 5 +0.0009 | 3 0.658 | 9.0.8 | 577 | 13,436 | 54,724 | Sep | | 0.9150 | 0.9165 | +0.0009 | | | | 15,586 | 78,952 |
| ec er | 0.6621 | 0.6625 0.6685 | | 0.652 | 5 0.8 | 635 - | 126 23 | 2,089 311 | Dec Mass | | 0.9294 | 0.9295 0.9392 | +0.0011 | 0.92 | | 285 - | 642 32 | 3,733 135 |
| SWASS F | RANC FU | TURES | (IMM) SFr 1 | 25,000 pe | r 8 8 | | | | = 5 | TERLUK | FUTUR | ES (IMM) | 982,500 p | er£ | | | | |
| - | 0.7954 | 0.7956 | 3 -0.0001 | 0.798 | 0.7 | 950 | 11,400 | 36,747 | Sep | - | 1.5492 | 1.5498 | - | 1.55 | 18 1.5 | 470 1 | 10,330 | 57,686 |
| eb eb | y./207 | 0.8020 | | | | | 105 | 1,274 | Dec | | - | 1.5500 | -0.0012 | | | 500 | 4 | 1,088 |
| br | - | 0.8082 | 2 – | • - | | - | 37 | 95 | Mar | | - | 1.5530 | -D.0002 | 1.55 | 40 1.3 | 530 | 1 | Б |
| | | | | | | | | | EN | is eu | ROPE | AN CU | RREN | CY UI | NIT R | ATES | | |
| UK INT | | | | | | | | | Jul 1 | 10 | Ecu ce | | Rette rest Ecu | Change on day | | | % aprea | |
| ONDO | n Mon | | | | | <u>.</u> | α. | | Spei | | 162.49 | <u> </u> | 31,085 | -0.117 | | | 2.15 | 6 |
| al 10 | | Over- | 7 days | One | The | | Sbt | One | Spen | | 0.79221 | | | 0.00023 | | | 1.58 | 2 |
| | | night | notice | month | . mor | | months | year | | eriends | 2.152 | | | -0.0003 | | | 1.41 | ī |
| terbank Ste | ring | 534 - 4 | 5∰ - 5 ⁵ 8 | 5-4 - 5 | | | 禄 - 5禄 | 614 - 515 | Belgi | | 39.39 | | 2.4514 | +0.008 | | 14 | 1.12 | -1 |
| enting CDs | | • | | 54 - 5 | § 5∯ | | 猫 - 5提 | 5~5禄 | Germ | | 1.9100 | | 91493 | -0.0000 | | 25 | 1.00 | -s |
| easury Bills | | - | - | 5]] - 5 | | 542 | | • | Aust | | 13,436 | | 3.4761 | -0.0000 | | 28 | 0.08 | -2 |
| aruk Balls | | - | _ · · | 5() - 5 | | | 孫 - 5世 | · - | Ports | | 195.79 | | 8.808 | -0.08 | | 52 | 0.74 | -3 |
| and authori | ar door | 53a - 55a | : 5-ka - 5 ² a | : 5-k - 5° | - 64 | 5 | Ā - 5Ā | 6 - 5% | Bren | ~ | R ANN | NO R. | 4R361 | +0.00034 | . 1 | 21 | 0.05 | -10 |

| | ITERES | | -5 | | | | | Jul 10 | Ecu cen. | Rate | Change | % +/- from | |
|---|----------------------------------|--|----------------|----------------------|--------------------------------------|-----------------------------|-------------|-------------------------|---------------------------------------|--|--|-------------------------------|------------|
| LONDO | OM MO | NEY RA | TES | | | | | i ——— | ratas . | against Ecu | on day | cen. rete | V |
| Jul 10 | | Over- | 7 days | One | Three | Stx | One | Spain | 162,493 | 181.085 | -0.117 | -0.87 | |
| AM IV | | night | notics | month | months | months | year _ | treland | 0.792214 | 0.789713 | +0.000231 | -0.32 | |
| | | 534 - 4 | 5t2 - 55a | 51 55. | 54 - 54 | 512 - 513 | 614 - 515 | Notherlessis | 2.15214 | 2.14889 | -0.00059 | -0.15 | |
| nterbank S | | 34 - 4 | 2012 - 2-18 | 54 - 5程 | 512 5 | 58 - 518 | 5% - 512 | Belglann | 39.3960 | 39,4514 | +0.0088 | 0.14 | |
| Steament CC | | • | | 511 55 | 514 - 512 | - v32 | 0.9 - 0.15 | Germany | 1.91007 | 1.91493 | -0.00001 | 0.25 | |
| reasury B | 20 | - | | 56 - 55 | 543 - 514 | 5¥3 - 5¥3 | | Austria | 13,4389 | 13,4761 196,808 | -0.0008 -0.088 | 0.26 0.52 | |
| Beruk Bells | | 534 - 559 | 54 - 54 | | - 54 - 54 | 54 - 54 | 6 - 5% | Portugal | 195.792 6.40608 | 6.48361 | +0.00034 | 1.21 | |
| | onty deps. | 54 - 54 | 54 - 54 | 0, 0, | ••• | - | | France | 6.40608 7.28580 | 7.37781 | -0.00185 | 1.26 | |
| | tarket depe | | | | | | | Denmark | , /265 Q U | 1.21101 | -0.00165 | 120 | |
| Jk clearing | bank base | lending rati | ⊵5¾t perc | ent from Ju | ne 6, 1996 | | | NON ERM M | EMBERS | | | | |
| | - | • | Up to 1 | 1-3 | 3-6 | 6 -0 | 9-12 | Greece | 292,867 | 300.897 | +0.062 | 2.74 | |
| | | | menth | month | months | morens | months | italy | 2108.15 | 1928.12 | +0.08 | -8.45 | |
| | | 0.000 | 212 | 5lo | - 5 | | 434 | UK | 0.796652 | . 0.810392 | +0.00025 | 3.02 | |
| | dop under f | | | | 60r camb 11.r | _ ` | | Eco certifical retai | a set by the S | ворие Сопини | ion. Currencies | are in descrip | ing n |
| Cente of Top | dep. under t | nt no .145. 5 | 48170c. EC | GO fload rat | Seq. Export | Finance, Ma | log up day | Percentage one | riges are to B | ou, a positivo che percentage diffe | ude despite a | the actual man | UNITED 121 |
| We 1000s. | rate of discou S. Agreed 1889 | tor period J | d 24, 1996 t | o Aug 25. 19 | 86, Schemes | 6 & W 7.20pc | Reference | for a currency. | and the market | nus beingger ber Schanner om | cersage de 480 | of the cure | 275 |
| ate for park | 6. Agreed rate ad Jun 1, 199 | 8. Int. cs 9 | 1996. Schar | man N & V 5.5 | 85pc. Financ | a House See | a Ramae Spc | Ecu central me | | • | _ | | |
| | COR | | | | | | | 117/9/92) Starting | | rs autoended fro /\$ OPTIONS | on EPOAL Acquist Crass 250 (coast | nent calculate e per pound | - 77 |
| THREE | MONTH S | TERLING | FUTURELS | | | | | | - mx ax : | - CALLS - | 201,200 (001 | | PUT |
| | Open | Sott price | | High | J'OM. | Est. voi | Open int. | Strika Price | Jul | جدیجی Aug | Şep | العال | Au |
| an? | 94.31 | 94.31 | +0.02 | 94,32 | 94,30 | 9577 | 87138 | 1.520 | 2.81 | 9.01 | 3.27 | 0.03 | 0.1 |
| Jec Jec | 94.21 | 94.23 | +0.04 | 94.25 | 94,20 | 17120 | 88601 | | · 1.86 | 2.27 | 2.54 | 0.04 | 0.3 |
| Ax | 93.89 | 93.93 | +0.07 | 93,95 | 93.88 | 12171 | 81588 | 1.540 | 0.01 | 1.58 | 1.95 | 0.10 | 0.6 |
| lun | 93.44 | 93.48 | +0.07 | 93.50 | 93.43 | 9205 | 44717 | 1.550 | 0.22 | 1.03 | 1.41 | 0.30 | 1.1 |
| - | 93.02 | 93.05 | +0.06 | 93.08 | 98.00 | 3126 | 29116 | 1.580 | · 0.06 | 0.62 | 0.98 | 1.04 | 1.7 |
| llen breded | on APT. AE | Open meerosi | i (iga. uro to | r previous di | ry. | | | | | 0.02 (Pulo 2,756 . Pri | | | |
| | | | | _ | | ¥ | | | | | | | |
| | | | | DULION P | | <u> </u> | | THREE N | ONTH EX | ODOLLAR (N | Mi \$1m point | s of 100% | |
| SHORT | STEPLIN | | LS | Mar | Sep | PUTS | Mar | | - | | <u> </u> | | Es |
| | STEPLIN | C <u>A</u> I | | | | | THE R | 1 | Open 1 | atest Chao | _ | Low 94.08 | 54 |
| SHORT | STERELIN |) De | ~ | | • . | | A CB | 1 - | | | | | |
| SHORT Strike Price | | De De | 9 9 | .18 | 0.07 | 0.21 | 0.50 | Sep | | M,13 +0.0 | | | |
| SHORT Strike Price 1425 | Sor | De De | 9 0 |).18).10 | 0.07 0.22 | 0.35 | 0,67 | Dec | 98.73 | 3.80 +0.0 | 7 98.82 | 93.78 | 81 |
| SHORT Sirko Price 1425 1450 | 509 0 13 0 03 | De D | 9 0 B 0 |).18).10).05 | 0.07 0.22 0.45 | 0.35 0.55 | 0.67 | | 98.73 | | 7 98.82 | | 81 |
| SHORT Sirko Price 1425 1450 | 509 0 13 0 03 | De D | 9 0 B 0 |).18).10).05 | 0.07 0.22 0.45 | 0.35 0.55 | 0.67 | Dec Mar | 98.73 93.54 | 83.82 +0.0 83.82 +0.0 | 98.82 19 93.64 | 98.78 93.54 | 81 |
| SHORT Sirko Price 1425 1450 | Ser 0 13 0 03 | De D | 9 0 B 0 |).18).10).05 | 0.07 0.22 0.45 | 0.35 0.55 | 0.67 | Dec Mar | 98.73 93.54 | 3.80 +0.0 | 98.82 19 93.64 | 98.78 93.54 | 81 |
| SHORT Sirko Price 1425 1450 | 509 0 13 0 03 | De D | 9 0 B 0 |).18).10).05 | 0.07 0.22 0.45 , Cals 12385 | 0.95 0.55 7 Puts 1008 | 0.67 | Dec Mar | 98.73 93.54 SURY BALL | 83.82 +0.0 83.82 +0.0 | 7 98.82 19 93.64 M)\$1m per 1 | 98.78 93.54 | 81 61 |
| SHORT Sirko Price 1425 1450 | 509 0 13 0 03 | De D | 9 0 B 0 |).18).10).05 | 0.07 0.22 0.45 | 0.95 0.55 7 Puts 1008 | 0.67 | Dec Mar E US TREA | 98.73 93.54 SURRY BALL 94.62 | 83.82 +0.0 FUTURES (IM | 17 98.82 19 93.64 M() \$1m per 1 16 94.85 | 98.78 93.54 00% | 81 61 |

| BASE LENDING RATES | | | | | | | | |
|--|---------------|---|--|--|--|--|--|--|
| dam & Company 575 Rod Trust Bonk 575 B Bonk 575 B Bonk 575 Brank of Bondo 575 brank of Bondo 575 brank of Bondo 575 brank of Bondo 575 brank of John 575 bra | Duncan Lawrie | Royal Bk of Scotland 5.75 @Singer & Priectiznder 5.75 @Singer & Wilteren Sec. 6.75 Scotlish Wildows Benk . 5.75 United Bank of Kussal. 5.75 United Bank of Kussal. 5.75 United Bank of Kussal. 5.75 Westeren Tout Wildows Lacidow 5.75 Yorieshine Bank 5.75 Members of London Investment Banking Association In administration | | | | | | |

| Jul 10 | Ecu cen. | Rate | Change | % +/- from | % sprea | |
|-----------------------------------|---------------------------|-------------------|-------------------|------------------|---------------|--------------|
| | rates. | against Ecu | on day | can, rate | v weake | st incl. |
| Spain | 162,493 | 181.085 | -0.117 | -0.87 | 215 | - 6 |
| treland | 0.792214 | 0.789713 | +0.000231 | -0.32 | 1.58 | ž |
| Notherlands | 2.15214 | 2.14889 | -0.00059 | -0.15 | 1.41 | ī |
| Beigion | 39,3960 | 39,4514 | +0.0088 | 0.14 | 1.12 | -1 |
| Germany | 1.91007 | 1,91493 | -0.00001 | 0.25 | 1.00 | - <u>:</u> |
| Austria | 13.4389 | 13.4761 | -0.0008 | 0.26 | 0.00 | - <u>2</u> |
| Portegal | 195.792 | 198.808 | -0.1006 -0.088 | 0.52 | 0.74 | -3 |
| France | 8.4060A | 6.48361 | +0.00034 | 1.21 | 0.05 | -10 |
| | 7.28580 | 7.37781 | -0.00185 | 1.26 | 0.00 | -10 |
| Denmark | 7.20000 | 1.01101 | -0.00165 | 120 | 0.00 | -9 |
| NON ERM ME | D.40ED0 | | | | | |
| Greece | 292.887 | 300.897 | +0.062 | 2.74 | -1.44 | _ |
| taly . | 2108.15 | 1928.12 | +0.08 | -8.45 | 10.61 | _ |
| UK . | | 0.810392 | +0.00025 | 3.02 | -1.71 | _ |
| | 0.786652 | | | | | |
| For certain rates Percentage char | set by the Eu | гория Соппин | ion. Currencies | are to describe | ng reasons so | renger. |
| matter because the | à cione le the | namentace diffe | mace between | the actual meric | at and Ecu o | entral rates |
| for a currency, a | nd the maximu | to becamined bear | centage deviation | of the current | y's market s | tte from its |
| Figure control rate. | | | | | | |
| (17/9/92) Starting | | a auspended from | III EPOAL ACHUSTI | ment calculates | dà mè t-mens | zak Fimes, |
| # PRELABEL | PREA SE E | | 231,23U (C)51U | | | |
| Strike . | - | Calls | | | PUTS — | |
| Price | اويل | Aug | \$ep | أول | Aug | Sep |
| 1.520 | 2.81 | 9.01 | 3.27 | 0.03 | 0.17 | 0.43 |
| 1.530 | | 2.27 | 2.54 | 0.04 | 0.38 | 0.69 |
| 1.540 | 0.81 | 1.58 | 1.95 | 0.10 | п.89 | 1.04 |
| 1.550 | 0.22 | 1.03 | 1.41 | 0.30 | 1.12 | 1.51 |
| 1.560 | · 0.06 | 0.62 | 0.98 | 1.04 | 1.71 | 2.15 |
| Previous day's w | | | | | | |
| Frences cey a s | | (UB 2/30 . FIG | it on a char | | | |
| | | | : | | | |
| II THREE M | | DOLLAR (N | M) \$1m point | s of 100% | | |
| | <u> </u> | | pe High | Low | Est vol | Open int. |
| | • | ebet Chao | - | | | 406.622 |
| | | 4,13 +0.0 | | 94.08 | 54,783 | |
| | | 880 +00 | | 93.73 | 81,200 | 439,542 |
| Mar | 93,54 9 | 3.82 +0.0 | 9. 93.64 | 83.54 | 61,918 | 288,042 |
| | | _ | _ | | | |
| e us them | THE YEAR | FUTURES (IM | M() \$1m per 1 | 00% | | |
| | ~ · · | | | 04.55 | 242 | 5.965 |
| | | 4.B5 +0.0 | | 94.62 | | |
| | | 4.39 +0.0 | | 94.38 | 86 | 1,568 |
| Mar | | 4.17 +0.0 | 5 94.17 | - | 93 | 143 |
| All Open Interes | Sgs. are for | providus day | | | | |
| E EUROMA | K OPTION | LIFFE DM1 | n points of 1 | 00% | | |
| | | <u> </u> | | | | |
| Strike . | | CALLS | | | ਆਡ | <u> </u> |
| Price | Jul Au | g Sep | Dac . | وسكاسخ | Sep | Dec |
| 9850 - (| 1.08 · an | 9 0.12 | 0.10 (1. | D1 0.04 | 0.07 | 0.24 |
| 9675 | 0 00 | | | 20 0.21 | 0.23 | 0.42 |
| 9700 | 0 0 | 0.01 | | 45 0.45 | 0.46 | 0.65 |
| | | | | | | |
| Est. vol. total; C | | 14002. Previous | cay's open in | 2, 120 20378 | , rus 30/0/ | - |
| E EURO SER | THAIC | OPTOMS (LI | TTE) SFT 1m (| points of 1009 | <u> </u> | |

| 93.73 | | | | .13 | 94.08 | | |
|--|--|--|--|---|--|---|---|
| | 23.80 | | | | 93.73 | 81,200 | 439,542 |
| 93,54 | 93.82 | +0.0 | 9. 93 | 3.64 | 83.54 | 61,918 | 288,040 |
| CULTY 2 | ELL FOT | RES (M | M() \$1m p | er 100% | · | | |
| 94.62 | 94.85 | +0.0 | 6 94 | 1.85 | 94.62 | 242 | 5,965 |
| 94.38 | 94,39 | +0.0 | 6 84 | L 41 | 94.38 | | 1,568 |
| - | 94.17 | +0.0 | 5 94 | L17 | - | 93 | 143 |
| | | | | | | | |
| JUKK OP1 | HOIRS (L) | FE) DM1 | m points | of 100% | | | |
| | c | | | | | | |
| Jul | Aug | Sep | Dac | أعال | Aug | - | Dec |
| 0.08 | 0.09 | 0.12 | 0,10 | 0.01 | 0.04 | | 0.24 |
| D | 0.01 | 0.03 | 0.03 | 0.20 | 0.21 | | 0.42 |
| 0 | . O | 0.01 | 0.01 | 0.45 | 0.45 | 0.46 | 0.55 |
| | | <u> </u> | | | | * 6 5675 | 74 |
| Calls 442 Mass PR | ANC OPT | 1012 (T) | oday's op FFE) SFr | en int., Ci 1m point | s of 1909 | | 74 |
| | ANC OPT | 8772 — 10182 (13 | FFB 8F1 | 1m point | 8 of 1909 | <u>*</u> PUTS | 174 |
| Se | P C | 900 677.2 — 10162 (71 | Mer | 1m point Se | 8 of 1909 P | PUTS Dec | Mar |
| | | 06 pec pres (** | Mar 0.08 | 1m point Se 0.2 | p 6 | PUTS Dec 0.46 | Mar 0,70 |
| . ———————————————————————————————————— | —— c.p (5 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 | 03 06 6773 — 1068 (11 | Mar 0.08 0.03 | 1m point 8e 0.2 0.4 | p 6 7 | PUTS Dec 0.46 0.68 | Mar |
| 0.00 0.00 0.00 Cada 0 P | ARC OPT C/P 5 . 0 1 . 0 us 0. Previo | 10662 (LII 1060 103 103 103 | Mar 0.08 0.03 open int. | 1m point Se 0.2 0.4 Calls 9190 | p 6 7 | PUTS Dec 0.46 0.68 | Mar 0,70 |
| 0.00 0.00 0.00 Cada 0 P | ANC OPT C/ P (5 0 1 0 UM 0. Provid ONS (LEFF | 10662 (LII 1060 103 103 103 | Mar 0.08 0.03 open int. | 1m point Se 0.2 0.4 Calls 9190 | 9 of 1909 6 6 7 Page 4822 | PUTS Dec 0.46 0.68 | Mar 0,70 |
| 0.00 0.00 0.00 Cada 0 P | ANC OPT C/P 5 0 1 0 ONE (LEFF | 10015 (LI 106 106 103 104 day's (| Mar 0.08 0.03 open int. | Se 0.2 0.4 Calls 9190 of 100% | 9 6 6 7 7 Page 482 | PUTS | Mar 0,70 |
| So 0.0 0.0 Cada 0 Po | ANC OPT C/P S 0 1 0 UM 0. Provide CHS (LEFF | 10005 (LI 06 .03 02 cby's (0 L10000 | Mar 0.08 0.03 open int., in | Se 0.2 0.4 Calls 9190 of 100% | 9 6 7 7 Page 452 | PUTS | Mar 0.70 0.90 |
| Se 0.00 0.00 Cada 0 Pi | ARC OPT | 10005 (LI 100 100 100 100 100 100 100 10 | Mer 0.08 0.03 open int., in points | Se 0.2 0.4 Calls 9190 of 100% | 8 of 1909 6 6 7 9 Page 452 | PUTS Dec 0.46 0.68 5 PUTS Dec | Mar 0,70 0.90 |
| | 94.62 94.38 sei figs. as URIX OFF Jul 0.06 0 | 94.62 94.85 94.38 94.39 94.17 set figs. on to pack (AK OPTIONS (LI Jul Aug 0.06 0.09 0 0.01 | 94.62 94.65 +0.0 94.38 94.39 +0.0 94.17 +0.0 set figs. are for produce day. 48K OPTIONS (LIFTE) DM/II Jul Aug Sep 0.08 0.09 0.12 0 0.01 0.03 0 0 0.01 | 94.52 94.55 +0.06 94.38 94.39 +0.06 94.39 94.39 +0.05 94 94.37 +0.05 94 94.36 | 94.62 94.85 +0.06 94.85 94.38 94.39 +0.06 94.41 94.17 +0.05 94.17 set aga, are for perceive day LECK OPTIONS (LIFTE) DM/Im points of 100% CALLS Jul Aug Sep Dec Jul 0 0.01 0.03 0.03 0.20 0 0 0.01 0.01 0.01 0.01 | 94.38 94.39 +0.06 94.41 94.38 94.17 +0.05 94.17 -0.05 | 94.62 94.85 +0.06 94.85 94.62 242 94.38 94.39 +0.06 94.41 94.38 89 94.17 +0.05 94.17 — 93 set aga, are for personal day LECTOR OPTIONS (LIFTE) DM/1m points of 100% CALLS ——————————————————————————————————— |

KOREA LIBERALISATION FUND

ational Depositary Receipts representing 100 Ordinary shares Notice is hereby given to the IDR holders that the members of the Korea Liberalisation Fund Limited declared a distribution of USD 0.03 per Ordinary share. The record date for this dividend was 18th June 1996. As of 12th July 1996 payment of coupon number 5 of the International Depositary Receipts will be made in US Dollars at the net rate of USD 3.00 per

Payment will be made mon surrender of the relevant comon at any of the

following offices of Morgan Guaranty Trust Company of New York: 60, Victoria Embankment, London EC4Y 0JP

Mainzer Landstrasse 46, D-60325 Frankfurt-am-Main, Germany and with the Depositary at the address indicated below:

Depositary: Morgan Guaranty Trust Company of New York Avenne des Arts 35, Brussels 1040, Belgium

JP Morgan

A Prime Site for your **Commercial Property** Advertising

Advertise your property to 1 million FT readers in 160 countries.

For details call: Courtney Anderson on +44 0171 873 3252 Nadine Howarth on +44 0171 873 3211 or Fax: +44 0171 873 3098

FORD MOTOR CREDIT COMPANY U.S. \$ 300,000,000

FLOATING RATE NOTES DUE APRIL 10, 2001 In accordance with the provisions of the above men-

tioned Notes, notice is hereby given as follows:

Interest period: July 10th, 1996 to October 10th, 1996

■ Interest payment date: October 10th, 1996

Interest rate: 5.8375% per annum
Coupon amount: US \$ 149.18 per note of US \$ 10,000 US \$ 1,491.81 per note of US \$ 100,000

> Agent Bank BANQUE INTERNATIONALE BILLS



St. George Bank Limited (monitoring in New South Wales) AC.N. 055 613 070 U.S. \$250,000,000 Floating Rate Notes due 2000

Notice is hereby given that for the Interest Period 9th July, 1996 to 9th October, 1996 the Notes will carry a Rate of Interest of 5.87422% per annum. The Interest Amounts payable will be U.S. \$150.12 per U.S. \$10,000 Note and U.S. \$1.501.19 per U.S. \$100,000 Note.

The Interest Payment Date will be 9th October, 1996. Bankers Trust

Company, London

Agent Bank

+0.00

USD 140,000,000

CRI INSURED

MORTGAGE ASSOCIATION INC. Guaranteed Secured

Floating Rate Notes duc 1998

Interest Rate 5.96875% Interest Period July 10, 1996 October 10, 1996

Interest Amount due on October 10, 1996 per USD 38.482.14 USD 586.99

BANQUE GÉNÉRALE DU LUXEMBOURG

Agent Bank

♣ IRISH PERMANENT

\$100,000,000 Floating rate notes 1998

Notice is hereby given that for the interest period from 9 July 1996 to 9 October 1996 the notes will carry an interest rate of 6.1125% per annum. Interest payable on 9 October 1996 will amount to £153.65 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

This network will be able to process simultaneously up to ten thousand incoming calls. When investors telephone they will be able to receive a 3, 5, 7, or 10 minute narrative on the fund of their choice in ten different languages. We plan to have one thousand funds in our galaxy of funds from around the world.

It is our mission to bring It is our mission to bring the customer and fund together. Investors who are viewing our television broadcast 24 hours a day, 7 days a week, can pick up the phone and call a local number from anywhere in

anys a week, can pick up mephone and call a local number from anywhere in
America. The network
will switch the call up to
the satellite and down
link to be answered by
one of our ten thousand
telephone ports and then
switched into the fund's
sales office.

If you are interested in If you are interested in joining the Stocks and Funds Television Network galaxy of funds and Coming to America, we

Stocks & Funds

A three trillion dollar mutual fund market. One out of every four American homes invest in mutual funds. We are developing a television network that will reach 60 million households. This network will be able to process simultaneously.

welcome your inquiry. For further information, please contact: Mr. Roger Miller at 1727 Clifton Road NE. Atlanta, Georgia, U.S.A., (Voice) 404-315-9541, (Fax) 404-315-9423.

Serving Investors to Over 150 Countries

NOTICE OF EARLY REDEMPTION COLLATERALISED MORTGAGE SECURITIES (NO 12) PLC

£55,000,000 Class A Mortgage Backed Floating Rate Notes 2028 (the "Class A Notes")

£8,250,000 Class B Mortgage Backed Floating Rate Notes 2028 (the "Class B Notes") NOTICE IS HEREBY GIVEN that all of the Class A Notes and the Class B Notes (together the "Notes") will be redeemed by the Issuer on 31 July, 1996 (the "Optional Redemption Date"), pursuant to Condition 5(D) of the respective Terms and Conditions of the Notes. The Notes will be redeemed at their Principal Amount Ourstanding together with accrued interest to the Optional Redemption Date.

Payment of principal and interest will be made against presentation and surrender of, respectively, the Notes and Interest Company relating thereto at the principal affice of Morgan Guaranty Trust Company of New York, Loadon Office or the principal office of Banque Genérale du Lazembourg S.A., Lazembourg.

COLLATEBALISED MORTCACE SECURITIES (NO 12) PLC By: Morgan Guaranty Trust Company of New York as Principal Paying Agent Dated: 11 July, 1996

\$10.105 on The Sand prices published in this edition or his edition or also confident of the Planecial Threat such about 1988 plane 1988 pla

Selling wave sends cocoa to $3^{1/2}$ -month low

A heavy wave of speculative selling pounded London Commodity Exchange COCOA futures yesterday, sending nearby prices below \$1,000 a tonne for the first time in three and a half months. The September delivery contract touched \$996 a tonne before closing at \$1,001, down \$50, or 5

per cent, on the day. The liquidation brought an abrupt end to the massive premium the contract had been commanding over forward

LCE robusta COFFEE futures shook off early losses to end down but off fresh near six-month lows of \$1,615 a tonne on strong New York prices and jitters over possible frosts in Brazil, traders said.

"London is jumpy. Everyone is wary about the second mass of cold air moving into Brazil. You have got to watch out but you can't get too hysterical about it," said one. At the close the benchmark September contract was down

\$21 at \$1.642. Traders said both Brazilian and U.S. forecasters ~ who are sometimes at odds - were both forecasting increased frost risk for some Brazilian coffee areas. Weather Services Corp said frosts would threaten southern Brazil by today, with lows of 34

At the London Metal Exchange COPPER prices finished on the defensive after a bout of selling during after hours trading at the end of an otherwise featureless day. Three month copper futures finished at \$1,914, down \$11

from Tuesday's afternoon kerb

close but above the day's low at \$1,900. Floor traders noted bank selling during the morning session, which some linked with liquidation of outstanding Sumitomo long positions. As long as the company's position remained unclear sentiment was likely to remain bearish, dealers added.

They said copper has the potential for one more sharp rally in the short to medium term after which new supply coming on stream would send the market lower again during the latter stages of the year. NICKEL prices fell to six-

month lows as speculative liquidation and weakness in copper again weighed on the market. The three months price has fallen sharply from its recent peak of \$8,620 a tonne, hit on May 8. Traders attribute the retracement both to copper's heavy losses and weak physical demand during the o to 37°C in northern Parana, south-west Sao Paulo and the Compiled from Reuters

Snow and floods dash Romanian harvest hopes

The wheat crop is likely to be less than half last year's bumper level, writes Virginia Marsh

R omania, central Europe's most important agricultural producer after Poland, is heading for one of its worst wheat harvests in decades, dashing its hopes of cashing in on high international grain prices for

the second year running. The country had expected to harvest about 6m tonnes of wheat this year, down from 7.8m tonnes in 1995 because of a harsh winter. However, late spring snows followed by floods and heavy rain in recent weeks, mean it may now produce just 3m to 3.3m tonnes. according to the ministry of agriculture.

Last year's bumper crop, its biggest since 1989, had enabled the country to set aside a large quantity of grain for export for the first time since the beginning of market-led reforms. providing it with an extra source of badly-needed foreign exchange. Although some 1.2m tonnes of last year's surplus has already been sold abroad stocks are estimated at 2m tonnes and the country is not expected to face shortages. Further export tenders due this summer have now been

The loss of much of the wheat crop is a significant setback for the agricultural sector, which had begun to recover from a severe postcommunist recession, complicated by a serious drought in 1992, and the disruption caused

central by the break-up of farming co-It is also a setback for the

economy in general and will exacerbate the trade deficit in food and agricultural products, which last year was about \$320m, in spite of the wheat

Apart from Albania,

The return of most farmland to more than 5m former owners or their descendants under a 1991 act is regarded as one of the country's most important post-communist reforms. It has, however, led to farmland being divided up into small, uneconomical plots - the average amount returned was just

Last year agriculture provided about 35 per cent of employment in Romania and 21.6 per cent of GDP

Romania is more dependent on agriculture than any other country in the former Eastern hloc and reform of the sector is critical to its aspirations to join the European Union. Last year agriculture provided about 35 per cent of employment and 21.6 per cent of gross domestic product, compared with contributions to GDP of 6.1 per cent in Slovakia and Poland and of 3.3 per cent in the Czech Republic. Last year's 6.5 per cent increase in gross agricultural output was an important factor in the 6.9 per cent rise in Romania's GDP. Because of land restitution Romanian agriculture is now overwhelmingly private, with state farms and companies pro-

2.2 hectares, often in three of four parcels of land. Although cereal production recovereď relatively quickly, the land and other reforms initially had a particularly negaimpact on livestock production, with many small farmers lacking the resources to care for large numbers of animals. In addition many large state-run pig and poultry farms have faced severe financial difficulties, partly due to sharp increases in energy prices since 1989. Livestock production has begun to recover but its share of gross agricultural output has fallen from 45.6 per cent to about 39 per cent.

In the private agriculture sector such problems have giving farmers full title to their property and the absence of a land market. Only around 65 to the agency, to be funded by the cash-strapped state, being flooded with offers. per cent of titles have been handed out so far, because of difficulties in measuring and recording the ownership of so

many plots of land and the many disputes and counterclaims. Almost all have received preliminary papers, however, and most know Independent analysts, as which plots will eventually be well as the central bank, theirs. This has enabled farmers to pool or lease land and form larger units, but those without titles cannot use their land for security against loans, restricting their ability to buy

The development of a land market has also been held up by restrictions in the 1991 law on the buying and selling of restituted land. The Romanian parliament is considering a follow-up law which would oblige farmers to sell their land holdings to co-owners, neighbours or those leasing the property in that order. If no buyer is found in these categories then a new national rural development agency would have the right to acquire the land.

seeds, fertilisers and equip-

However, one of the propos-als is that the agency would pay a centrally-determined price for land, above its current market value which the government - a left-wing minority that faces general elections in November - considers too low. This could lead

Agriculture already receives more direct state support than other parts of the economy with the sector due to receive 1.300bn lei (\$430m) in subsidised credits this year - a huge amount in a country where the average wage is less than \$100

argued against the credits. As well as fueling inflation, the loans were generally granted too late to help with seed purchases and planting and thus substantially improve this years' crops. In the past, the subsidies have also benefitted most the small state farming sector as well as other state entities such as fertiliser manufacturers, rather than the private sector, given the difficul-ties of channeling loans to millions of farmers.

Analysts say that perhaps the biggest problem that remains is marketing and distribution. Until last year, in the grain sector, for example, this was handled by Romcereal, a state monopoly, which controlled storage and transport facilities and, in the ence of private competition, was able to dictate prices. This led to farmers being paid a fraction of world wheat prices.

The government has been unwilling to break up such monopolies and loosen price controls and trade restrictions that still exist for many products, partly because of concern over food security. According to official statistics, 50 to 60 per cent of the average household's spending goes on food, making shortages or changes in prices of basic items like bread and milk a sensitive issue. The bulk of fruit and vegetable burchases are made in street markets where prices are free.

Harrier Chaire

NO OVERSEA

BERMUDA Berecontacini Berecontacini

BERMUDA

FEULATEUR"

2021

Spinster --

MERMSEY

M RECOGNISED:

However, after Romcereal's financial difficulties last year and its inability to cope with the bumper crop, the govern-ment finally agreed to break it up into 41 companies, one for . each county, although some of its assets have remained in a state agency. The World Bank and other advisers suggested dividing the company into even smaller units more easily able to compete with each other. However, the move is seen as a step in the right direction and the 41 companies are due to be privatised

It is also hoped that the government will introduce a more stable and transparent trade regime and system of price controls. Mr Valeriu Tabara, the agriculture minister, said recently that the sector needed \$20bn in investment to develop over the next decade. However, analysts say the frequent changes to import and export quotas and to tariffs, as well as the problems of land ownership, are deterring private

Cominco group buys into Peruvian lead/zinc mine

Cominco, the Canadian mining and metals group, has bought an indirect 12.7 per cent interest in Minera El Brocal, operator of the 2,100-tonne-a-day Colquijiria lead/zinc mine in

El Brocal also owns a poten- studies on both properties.

LONDON METAL EXCHANGE

tial open pit mine nearby with reserves of 70m tonnes averaging 7 per cent zinc and 2 per cent lead and another property with 50m tonnes averaging 1.8 per cent copper and suited to Cominco's hydrometallurgical

Cominco plans feasibility

Aluminium smelter stocks fall

viding just 13 per cent of last

Total stocks of all forms of aluminium at western world smelters, excluding finished end-products, fell to 3.391m tonnes at the end of May 1996, compared with an upwardly-revised 3.508m in April and 3.779m in May 1995, provisional International Primary Aluminium Institute figures show, reports Reuters.

Unwrought metal stocks fell to 1.848m tonnes from 1.917m

which took the total to the lowest level since March 1993, had little price impact on the mar-ket, traders said. The London Metal Exchange three months delivery price closed at \$1,503.5 a tonne, up just \$1. The market does not react

the way it used to," one trader said. "It's just watching copper at the moment." The stocks decline, the latest in a run stretching back to

News of the drawdown, December 1995, was above some forecasts although there was a rise in LME warehouse stocks of some 36,000 tonnes in May indicating an element of stock re-distribution.

The producer stock fall followed a decline in LME stocks on Tuesday of 4,950 tonnes. which was an encouraging signal although analysts say consistent terminal market declines are needed to estab-

Food Summit to tackle distribution

The problems of distribution to low-income food deficient countries, and an increase in production to meet an expanding world population, will dominate the agenda of the World Food Summit planned for Rome in November, according to Mr Jacques Diouf, director general of the Food and Agriculture Organisation of the United Nations.

At the summit, the FAO will

be recommending an increase in the allocations of national budgets for investments in agriculture, with increased control of water so that food production is not dependent on the vagaries of the weather, Mr

Diouf said in Barbados. "There are 800m people fac-ing starvation, 200m of whom are children under five. . . By 2030, the world population would have grown by 3bn to 8.7bn, and governments must

now address food security."

The summit will coincide with a deterioration in global food supply. After a surplus for several years, the stock of cereals is at 12 per cent of total annual consumption, leading to a 75 per cent increase in prices, the FAO chief said.

The FAO will warn that improvements to global food security must not cause overfishing and the pollution of surface and underground water resources, or soil erosion. Mr Diouf said.

COMMODITIES PRICES BASE METALS

Prices from Amalgameted Metal Trading)

R ALUMENIUM, 99.7 PURITY (\$ per tonne) High/low AM Official Kerb close 1504/1490 1496.5-97.5 1494-5 238,163 Open int.
Total daily turn 31.877 E ALUMINIUM ALLOY IS per tono Close Previous High/low AM Official 1240-45 III LEAD (\$ per tonne) Close Previous High/low AM Official Kerb close 794-5 794-5 793-01 Open int. Total daily turnover M NECKEL (5 per tonne 7520-25 7590-85 7570/7480 7550-55 7480-70 Ciose Previous 7475-85 Kerb close Open int. Total daily turnover TRN (\$ per tonnel 6300-10

16,268 8,137 Tatel delly temover ZINC, special high grade (5 per tennel 998-99 1**005** 5-6.5 Close Provious High/low AM Official 1026-27 1000-1000.5 1029-28.5 COPPER, grade A (\$ per tonno 1923-24 1923-25 1930/1900 1922-23 1912-13 1985-00

BI HIGH GRADE COPPER (COLLEX) 90.65 -1.30 92.60 90.50 90.20 -1.10 91.80 90.10 89 30 -1.10 90 70 88.00 89 10 -1.00 90 30 86.00

Spot, 1.5505 3 miller 1.5504 6 miller 1.5522 9 miller, 1.5541

PRECIOUS METALS M LONDON BULLION MARKET

\$ price 382 90-383 10 383.40 383.00 248.683 483.461 Day's High 384.25-384.55 Day's Low 382.50-382.80 Provious close 352.70-383.10 Loco Ldn Mean Gold Lending Rates (Vs USS)

1 mgnth _____423 6 months

.....4.23 12 months US ats equiv 512.00 518.60 525.30 347.20 539.90

Precious Metals continued IE GOLD COMEX (100 Troy oz.: \$/troy oz.) 382.6 -0.1 - - 10 10 383.4 -0.1 385.4 383.0 25,403 86,580 388.1 -0.1 388.5 386.4 193 7,550 -0.2 390.9 388.4 629 40.530 -0.2 393.5 391.9 427 8,859 -0.2 395.2 395.2 122 5,778 27,863 197,471 R PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)

391.0 -0.8 392.1 391.5 220 625 394.9 +0.1 396.8 394.0 2407 21,415 397.6 +0.1 398.5 397.5 16 2,87 400.3 - 402.4 402.2 51 2,272 408.5 - 401.5 400.1 12 54 2,434 25,963 PALLADRUM NYMEX (100 Troy oz.; \$/troy oz.) - 133.50 132.70 258 6.790 - 135.00 134.50 12 967 - 12 - 135.00 136.00 - 107 132.95 SSLVER COMEX (5.000 Troy oz.; Cents/troy oz.) 506.5 -0.2 511.0 505.0 32 187 508.8 - 518.0 509.0 12,724 57,257 519.6 - 526.5 517.5 508 22,357 528.2 - 526.5 526.5 234 6,277 533.5 - 5,409

13,502 96,679 **ENERGY** ■ CRUDE OIL NYMEX (1,000 barrals. S/barral) 21.38 35.612 84.487 20.68 16,771 48,712 20.02 35 36,317 19.48 1,527 24,698 19.12 3,817 30,638 21 42 +0 01 20.72 +0.01 20.11 +0.06 1964 +0.06 Apg Sep Oct Hor Dec Jan Total 19.25 - 19.33 19.12 3,817 30,638 19.04 +0.03 19.06 18.83 1.689 22.286

I CRUDE OIL IPE (S/barrel) Latest Day's price change High Low Vot Int 19.54 +0.01 19.75 19.54 14.479 32.972 19.05 +0.05 19.9 19.05 11.585 68.135 18.59 +0.07 18.75 18.61 2.511 23.857 18.29 +0.10 18.32 18.26 81 8.007 18.00 +0.11 18.02 17.90 60 14.522 17.72 +0.08 17.73 17.85 535 11.193 33.316 172.780 N HEATING OIL KYNEX (42,000 US galls.: £15 galls.)

178.75 +4.00 179.25 176.25 7.055 10.165 173.50 +2.75 174.50 172.25 8,047 19.092 171.50 +250 172.52 170.75 2.531 9.973 170.50 +250 171.57 170.75 2.531 9.973 170.50 +250 170.75 150.75 250 1.762 170.00 +250 170.75 150.75 250 1.762 169.50 +2.00 170.00 169.25 250 9.85 8.55 170.762 170.00 169.25 250 170.00 169.25

2775 +0.035 2730 2.706 18,075 39,111 2805 +0.024 2815 2745 8,915 24,227 2550 +0.011 2755 2710 5.688 20,238 2745 +0.035 2750 2770 1.119 12,238 2755 -0.035 2770 2740 1.429 15,612 2780 -0.035 2780 2740 567 11,859 38,878 183,234 M UNILEADED GASOLINE

62.40 +0.59 62.90 61.50 17.296 26.884 61.25 +0.34 61.80 61.15 60.95 11.642 58.60 +0.10 59.00 58.60 1.141 4.263

GRAINS AND OIL SEEDS M WHEAT LCE (2 per torne) 111.75 +1.10 112.05 110.40 41 126 110.00 +0.10 110.10 110.00 18 395 111.85 -0.10 112.00 111.75 153 2,971 113.85 - 114,00 113,75 115.70 -0.15 116.00 115.85 117.85 -0.05 118.00 117.75 491.25 -0.25 492.00 486.50 1,726 3,732 491.25 -0.25 482.00 495.50 1,725 482.00 +1.00 483.50 487.00 12.055 482.00 +2.00 499.50 482.50 10.422 497.25 +1.00 480.00 482.00 882 484.00 +3.75 424.00 449.00 14 424.00 +3.75 424.00 419.50 129

MAIZE CBT (5,000 bu min; cents/56to bushe) 531.00 -6.00 536.50 530.00 5,438 8,723 409.25 +2.50 413.50 405.50 15,301 76,554 359.25 +1.00 360.50 351.50 2,060 26,703 364.50 +0.50 560.00 361.50 2,060 26,704 368.00 +0.75 368.00 362.00 698 5,641 368.00 - 368.00 384.00 250 6,139 M BARLEY LCE (E per torne) 103.80 +0.70 103.60 103.00 105.85 +0.25 105.50 105.35 107.85 +0.25 107.25 107.25 110.00 +0.80 -111.75 +0.25 112.00 112.00

SOYABEANS CET 5,000by mic; cente/60th bostel) 797.00 +17.25 799.00 780.50 2,720 4,657 792.00 +15.75 794.00 775.00 12,963 32,921 772.25 +13.75 773.80 757.00 1,116 11,188 757.50 +12.25 758.00 743.00 31,008 106,404 M SOYABEAN OE. CBT (60,000lbs; cents/2) 25.18 +0.25 25.20 24.76 3.893 3.054 25.27 +0.35 25.35 24.86 7.366 21.379 25.47 +0.20 25.55 25.07 2.381 13.460 25.85 +0.28 25.76 25.27 088 7.458 25.05 +0.23 25.16 25.06 6.665 7.053 25.20 +0.34 25.30 25.96 310 2.593 21.804 22.330

M SOYABEAN MEAL CET (100 tons; \$/ton) +3.3 248.2 244.0 2,174 7,654 +3.5 347.0 242.8 8,974 22,130 +3.6 245.6 240.8 1,331 10,939 +3.9 241.5 236.7 467 5,900 +3.7 239.7 234.1 6,019 23,838 +4.3 239.5 237.6 72 2,985 17,283 78,978 III POTATOES LCE (C/tonne) : : : +4.2 128.5 124.0 +3.0 -# FREIGHT (BEFFEX) LCE (\$10/index point)

豣

NYMEX (42,000 US gails; c.US gails.)

Nieta end Seede
Prices from Kenkko Group; USS a tonne, iranam pistochios 28/50 raw (in shell insturally
opened foundt; 1995 crop 3,300 CFR/FOT
MEP, steady. US atmonts (shelled); New crop
of 530m ib will be of average yield, with
nonparell variety under 55%; very little carryover from 1995 crop sepectad; 23/25 NPSSR
AOL 3,975, shipment first half Septembor,
5,775 shipment end-Sept/Oct; standard 5%
5,355 shipment end-Sept/Oct; standard 5%
5,355 shipment end-Sept/Oct; ell FAS Californa,
US walnuts LNP 20% – 1985 crop 5,500 FAS
California; new crop 5,501 Fast californa,
US walnuts LNP 20% – 1985 crop 5,600 FAS
California; new crop 5,501 Fast californa
5,950 CFR India for second half of 1996.
Turkish hazefrut kernels, 13/15 standard 1s,
1995 crop, 2,850 FOB MEP, up slightly; new
crop at 2,800 FOB MEP.

FUTURES DATA All futures data supplied by CMS.

-55 1012 986 247 674 -50 1042 996 3,421 42,932 -20 1033 1011 3,156 42,909 442 20,180 168 11,617 9,582 168,788 1039 1050 -35 1384 1340 36 135 -20 1396 1391 4,825 31,196 -19 1425 1414 887 15,903 -17 1445 1438 710 15,903 -17 1445 1438 710 15,677 -9 1465 1465 1 5,902 E COCOA (ICCO) (SDR's/tonne) -21 1850 -20 1655 -32 1609 -36 1566 -32 1520 -30 1520 1643 1643 1580 1558 1524 1511 1620 263 965 1615 2,427 17,458 121.00 -1.05 122,75 120.25 369 603 116.05 +1.80 116.60 114.40 8.278 15.244 +1.55 112.00 110.50 1,755 5,144 +1.60 108.50 108.75 255 2,051 +1.80 108.30 108.30 22 413 +1.50 110.00 110.00 4 144 ■ COFFEE (ICO) (US cents/pound) IN WHITE SUGAR LCE (\$/torne) 370.0 -9.6 379.9 369.0 1,704 3,983 352.8 -2.3 365.1 352.1 792 9,729 344.2 -0.4 344.9 342.4 436 3,825 339.4 +0.4 339.1 337.0 415 4,225 336.7 +0.2 337.0 334.0 274 2,233 334.2 -0.7 335.0 332.5 121 775 3,763 24,967 11.84 -0.03 11.85 11.44 7.259 71.324 11.24 - 11.25 11.10 2.859 36.913 10.91 +0.01 10.93 10.85 1,430 14.885 10.83 +0.01 10.85 10.56 2.65 11.573 10.41 +0.04 10.42 10.36 150 5.038 10.25 +0.03 10.25 10.20 8 532 11.924 14.035 E COTTON NYCE (50,000bs; cents/fbs) 71.96 +1.38 71.40 70.70 82 355 72.08 -1.75 72.15 72.00 1.009 7.762 72.75 -1.61 73.55 72.70 5.765 33.799 74.38 -1.32 74.90 74.25 401 7.316 5 189 3,785 7,601 61,742 76.05 -1.90 76.75 78.15 W ORANGE JUICE NYCE (15,000bs; cents/bs) 127.50 -3.25 124.00 121.50 334 117.65 -4.10 121.25 117.50 670 115.70 -3.30 118.60 115.55 506 506 2,557 160 3,856 56 343 9 263 1,727 18,236

+5 1095 1081 +15 1690 1670 +12 1130 1115 +10 1230 1205 -6 1235 1236 -20 1234 1230 115.70 -3.30 118.60 115.55 115.90 -2.00 118,75 114.80

> VOLUME DATA Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CSIC, NYCE, CME, CSICE and IPE CAUGH Oil are one day in america. Volume 8. Open interest totals INDICES ■ REUTERS (Base: 18/8/31=100) # CRB Futures (Base: 1967±100) Jul 8 trondt ago 249.29 na

250.12 249.29 ra E QSCI Spot (Base: 1970=100)

MEAT AND LIVESTOCK ELIVE CATTLE CASE (40,000lbs; clints/bs) 57,850 +0.575 67,850 67,259 4,880 84,686 69,675 +0.55 69,700 69,175 3,809 27,694 68,925 +0.45 88,950 66,525 1,728 12,985

 58.200
 -0.25
 58.500
 57.525
 1,885
 3,446

 55.725
 +0.025
 55.925
 55.200
 3,854
 12,317

 52.900
 +0.125
 53.000
 52.390
 2,877
 8,573

 55.075
 +0.2
 55.100
 54.475
 858
 7,468

 77.025
 77.175
 78.800
 147
 2,201
 75 200 +0.225 75.250 74.500

LONDON TRADED OPTIONS Strike price \$ tonne -- Calls --Dec 134 72 34 8 44 120 1800. S COFFEE LCE

LONDON SPOT MARKETS

5215-217 \$87-89 \$188-188 \$200-202 Jet fuel S181-182 M NATURAL GAS (Pence/s 13.30-13.70

Becton (Aug) Patroleum Argus. CTHER 0171) 350 B792 510.00c +1.25 +1.25 95.0¢ 45.00¢ Lead (US prod.) Tin (Kusia Lumpur) Tin (New York) 15.51 Cattle (live weight) Sheep (live weight) Pigs (live weight) 100.78p 111.71p 120.80p +0.81* Lon. day sugar (raw) Lon. day sugar (wa) Barloy (Eng. lead) Malas (US No3 Yellow) Wheat (US Dark North) \$317.40 \$384.50 Unq Unq Unq Rubber (Aug)* Rubber (Sep)* Rubber (KL RSS No1) 91.50p 91.50p 334.00m

790.0

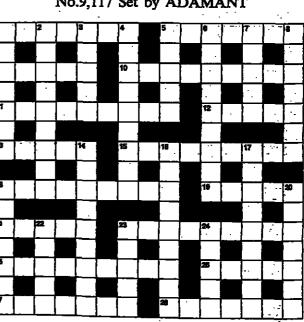
Coconut Oil (Priii)§
Paint Oil (Melay.)§
Copra (Priii)§
Soyabeans (US)
Cotton Outlook "A" Index 213.0 tops (64s Super)

JOTTER PAD Section Assessment by FT BOOKSHOP

To order any book reviewed or referred to in the FT, or indees any other book, call Freephone 0500 418 419, or +44 181 964 1254 outside the UK, for the FT Bookshop. Free peep in UK, £1.50 in Europe, £7.50 Rest of World.

CROSSWORD

No.9,117 Set by ADAMANT



ACROSS
1 Bar the Leghorns, for exam ple, accepting first Wyandotte
(7)

9 Extremist leaders united Liberals to resist autocracy (5) 10 For Americans, however, it's most stupid (9) 11 Reckless legislature half redevelops the centre (4-5)

12 Deliveries of outsize coat for retiring minister (5) Arrive at a stretch of the

river (5) 15 OK Sam! What wretched weapons? (9)
Friend swallowed the story (not new!) supposedly (9) 19 Run into numb fear (5)

(5)
23 Women with the airs, we are
23 Cleaner paper (5) told, of the French monarchy 25 Someone in charge initially

arranged to save money (9) 26 It comes back to the Teutonic 27 Is extremely friendly after short day, please (7)
Shows respect for instrument carried by crack troops (7)

DOWN 1 Clean up on the exchange? 2 Deluge after change in the boundary (9) 3 In the end the city produced

A CALLEST AND STATES

5 Play for time at the booth (5) Promised the union the debtor would sort things out

the world (5)

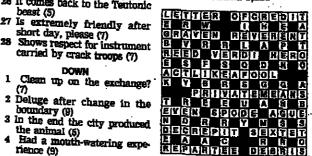
8 Those who believe in the gold medal winners? (7)

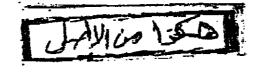
14 Intellectuals, having got drunk, squabble among the books (9)
Is a New York district allowed to provide flower

girls? (3,6)
17 Small piece on Tuesday evening, maybe (9)
18 Replies to a news broadcast on the Royal Society (7) 20 Wants dress that is remodelled (7)

21 Cancel the credit in the loan 22 Sort out setting for duck 24 Nothing in the mess left in.

Solution 9,116





Offshore Funds

FINANCIAL TIMES THURSDAY JULY 11 1996 FT MANAGED FUNDS SERVICE FT Cityline Unit Trust Prices are svallable over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details. Bothschild Asset Mognet - Coets. AND OVERSEAS BERMUDA (SIB RECOGNISED) (REGULATED)(**) lambros Food Munagers (Iraland) Ltd | Company | Comp ED.97 \$0.95 \$0.95 Diet .48 20.96 BERMUDA +8.047 +0.008 +0.000 -0.40 -0.15 -0.27 +0.000 +0.000 +0.000 \$0.9220 \$11.4126 \$11.5717 \$2.9721 \$11.5257 \$13.7255 \$10.2241 \$10.4466 \$10.1122 \$10.1968 \$10.1122 \$10.1968 \$10.5376 \$10.9078 UK Get below

UK Stracin Funds Mograt (Boursony) Ltd PO Box 246, St Peter Port, Brossey (1461 Butterfield Management Co Ltd (REGULATED)(**)

r tackle distribut

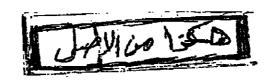
*** ****

CROSSWORD

ISLE OF MAN (SIB RECOGNISED) ament little Lotus Food Pic (REGULATED)(**)

Lloyde Back (CI) U/T Mgrs. | TSS | Fusion | Section | | Bank of Implant Asset Hagast (IOH) Ltd. | JERSEY (ICHINA Rate) Copies, (IA (ICHINA Rate) Copies, (ICHINA RATE) CARRES (ICHINA RATE) CA (Alli Pauri Managerii (India) Bank of Scotland Pauri Mar Serical Medical Han, Douglas, that 01624 625699 Bush of Section Dilaton Investmen Morcary Fand Monegors Johl Ltd 12-13 Hil Street Donales Johl Collect 082255 Cazanovo international Asset Magt Ltd (CIAM) adianolan Fund Ltd
o-1. Oracles, lot 01024 623420 Coulds & Co (Jersey) Fixed Managers Ltd Authority Stylin Pathals Ltd

Offshore Insurances and Other Funds



● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Deak on (+44 171) 873 4378 for more details Garactic Fund of Funds Ltd sez Asset Magt Latin Ass ning Valt Trests Ltd stroect Treet Co Ltd edia Life Assurance List (z) 10.81 +0.02 10.87 +0.01 10.35 +0.01 10.86 -01 10.86 +0.01 10.61 +0.01 FOR A CONFERENCE WITH A DIFFERENCE, JUST USE | Color S. | STO.25 | | Description | Beer, Strores Interregional List Energie Mile Red Inc. id P \$2.07 8.0 Belgrave Capital Management Ltd Code to Op MV As 30 _____ \$10.70 Code Uqddly NW 3sl 5.____ \$10.190 OUR IMAGINATION. Macrill Lynch Guarasey Intravito Cop MW Jul 5. 813.28 (For Information Coly) Ethinging season 25. Execution Street Jen 25. Sec. 35. Sec. 30. Land Ang Street Jen 25. Sec. 35. Sec. 30. Land Ang Street Jen 25. Sec. 35. Emerging Mariests Management

Emer Main Strat. Jan 25 . 8574.06 -1.51

Lain An Bu Mills Jan 28 . \$35.30 +0.92 Belliannium Asset Messagement
Susy Res State Cornery ... \$71705.10
LSS States Corner . Real Estate Strategies LSA SES International....... C\$1077.88 Titae Capital Management SES international CS107.88 Then Micros S183.22 MB. 23 PK Date S123.27 V2.33 Pk Date S123 when it comes to conferences we're not short on imagination. Blukmore Holdlage Inc Mangers, Code & Company, Guines Investment Adrium, Pandom Boston & Co all to us. For more information on all of this and our 18 Hotels in the UK and 300 worldwide, call 0181 748 3433. Med-Jul 9 STU-25

Ermilitage Group Students Stud for Burder are instead (Regulacy)) Boundate - Vistof and
Visto Egylly No.-First... 8242.2457
Visto Fand Issues No.-First... 8714.8575
Visto Refulle Service 164-444
Visto Right New York 1647-444
Visto Right New York 1647-444 Glackal Asset Management - Could.

Glackal Asset Management - Could.

GM Managed Perfolio
S1132.68

Series Suplished Frank
Series Supplished Series Supplished
Series Supplished Frank
Series Supplished Supplished Series Supplished
Series Supplished Frank
Series Supplished Series Supplished
Ser Jandino Fiorning Unit Transis Lisi - Coatel.
Limited Issue Funits 16. 58.35 9-0.05
J. Generated Convey Fu. 51.459 -0.05
J. Jun Dabl Generated W. 512.53 -0.05
J. Jun Dabl Generated W. 512.53 -0.05
J. Jun Dabl Generated W. 512.53 +0.05
J. Jun Dabl Generated W. 510.54 +0.05
J. Jun Water Dat. 50.69 7.30 +0.07
J. Fleigh Int (September 1904.4 4015 -0.22
J. Fleigh Int (September 1904.4 4015 -0.22
J. July Market Control (September 1904.4 4015 -0.22
J. Fleigh Int (September 1904.4 4015 -0.22
J. Fleigh Int (September 1904.4 4015 -0.22
J. Fleigh Int (September 1904.4 4015 -0.22
J. July Market Control (September 1904.4 4015 -0.22
J. Jul Regnet Kingpin Capital Masagement Ltd Crack Value 98.85 Environ Europy Value 911.10 +0.25 International Fietge 97.136 Monodo Asset Management Mondo Crite Fo Ltd 59,719 Europe 1982 HV _____ Sites Potentes Food Ltd. Johnson Fry Securities Ltd US-Audio Steel Pelmin Fd. \$170.0 Jupiter Tyudell (Bermede) Ltd Jupiter Tyudell Specialist Prod Ltd Ultra Indurest Pine Fred Feet Advant Com A May 31 \$1114.92 — — Rest Advant Com B May 31 \$1090.97 — — Globel Affe Ise Ultra Sector Food Ltd Food Adulton Lef May 31... \$1535.62 -Konner Global Investments Uralind Again Control and 30. \$21,351 ... Criterian Branch Jos. 30. \$24,845 Cyper the 5-being Jul 18 \$28,575 ... Deptem had States Jul 18 \$28,575 ... Ultra Westchill Femi (14) Food Advisor Lin May 31. S1415.00 - Force Management Ltd CDC Informationary
GR Short Form Jan 12. FRy19201.22
CEI Fund Misseagure (Bernstofn) Limited
Set Counsely PLIAL are \$510.55
General PLIAL are \$510.5 Roseward, Roditi & Co Ltd.
And Starthu Invest NW - \$1,221.15
Ness No.-Un Invest NW - \$1,221.15
Spar Rose No Co Ltd. \$16,67
VOC Invest NW - \$1,557 Sun Alliance International Life 70 Bes 17, Les (ciniose Cl. 81 Febr Fort, Sney US Oper Groet Managed, 5225 2.18 25 Galont Managed, 5225 2.19 For Union Beat; at Cultivations one ISES Private Captal interestional
Captal to Fool Rear East Opportunities Fund Limited
Hear East Oppo Jun 28... \$8.86 Sup Life Industrational (MMs) Lind
Sup Life Industrational (MMs) Lind
Include House, Confederate, the of data
Lind 4(0 1624 65500) Aggressive Managed . C1.445
Districted Managed . C1.445
Districted Managed . C1.326
Starting Foundation . C1.275
Starting Confederation Managed C1.210
Districted Managed . C1.201 Fides Asset Management Ltd Continues HAVINGS . \$1079.24 The Websen Frontier Food
Front Numbers Co
NAU Fully Paid Jun 30 _ \$12.44 ____ Group One Informational Tet

- Basis I year

- State Berray the

- State I year

- State I For Compa Managem Water Propings on Committee on the The Victorian Fund Limited Unite Stat Fact Managem (Amenica) HAV Fully Pold Jun 30 _____\$11.25 OTHER OFFSHORE Firebird Capital Menagement Overes Lid NAV May 31. \$226.10 FUNDS - Ter World Parago US IT 100, 1924 Mileto US IT First investments Ltd
Lemnaged US limit. \$2,8100 6,7524 ...
\$1,000 logisty Ministry \$7,50 8,1473 ... Gryphon Board Frand Ltd (Bernanda) | New Stay 31 ______ \$94.90 ___ Workswide Lizzbed

Workswide Lizzbed

Workswide Lizzbed

Workswide State

Workswide State

Workswide State

Workswide State

Zanett Loodswider Lid

Workswider ATSP Management Ltd
pulspines Larg Turn Equity
We kin 31 - SS.77
AXA Asset Management
AA Valent
AA Valent
AA Valent
AA Valent
AA Valent
AA Valent
AA A Guardian Global Asset Management Ltd Bearden State Growth. 5117.2122 Guardian Statel Guardi. 5110.6584 — Guardian Statel Guard. 5121.6207 Forex Professionals (Caymes) Ltd | Comparison | Com Formore Part Licensed

Formore Part Licensed The Chica levest & Development Fel Ltd. Red Pg Pel 169 Jan 30 \$11,23 — Zastanii kuvestumut Managoosini AG Zasti Esupe Lii MW Jan 25 — DAN 10,022 — — Zastig—Different International Limited MW Jan 30 — — \$15277 — Harmon, Asset Management List Georgeteel International 13.28 13.46 — Selected Aginn Pitolo . . \$24.52 24.63 for Helm Highway See Bookwar Cop (Second Em 184) City & International Securities Ltd Saught Remark Rip Wel 90.0715 Hannesbackler Agnet Management GmbH Committee AC 34 4 ... \$7835 Comm Benefici to 14 4 ... \$102 AFT Staf Fiel Feb 14 4 ... \$1702 Emple Demakrijs Vol.

Claridan Brenk
Emp North Emp St.
Emp North Emp St.
Emp North Emp St.
Emp Lazzard Vietnary Fund Limited Hannsteinen Hidge SV Caractio Hannstein Jan 30 — Spot 11 905 57 — Half Capitos Corpus Half Occounts Hay 21 — \$140.45 — Legands Fund Ltd (Inc) Legan Fund Ltd (Inc) Optime Find Management Laterano Brothers Portugal Browth Fund MB/ 4or 30 ______ \$2.50 ELJ Schroder Bank & Trust Company ELJ Schroder Deserminy \$1088.05 GEM Delphin Introducent Managery Limited
Bus South Anis Immunes to the
South Anis Immunes Im CEST Dolphin letestypest Heanings United

Bys Smit Aris Insurant Dript

Smit And Mark 1991 1997 - \$11.49 Aleieta Capital Management Lisi Makin Grade Feet and Bult Tout Lippo Asia Ltd Crost Asset Management Corporation
Crost School Street III. STSTT. ST
Crost Accept Ld 57:42:27
Crost Accept Street Livyd George Hanagement
Lif. Achter Fd Ld. alt 1. \$72.14
Life Colonie Cha 4. \$77.14
Life Colonie Cha 4. \$77.14
Life Colonie Cha 5. \$78.14
Life Life Cha 5. \$78.14
Life Life Cha 5. \$78.14
Life Life Cha 5. \$78.14
Life Remaje Cold Jul 5. \$98.45 ORIENT Growth Fd

NRC - S13.12 -0.02
Oriental Development Company Ltd

100 - S10.29 - S10. Construction Assess Meaningman Line Colorador Services Se The ladia Magazan Fand Ltd New Jun 28 _____ 551.75 ---Lityris Bank Government Bonds Shotra Fund 12d stand 2 \$14.44 To St Management It is not the report It is

FT MANAGED FUNDS SERVICE

HOHE

LANCES

.- -

:== ń. . .

; -

. -

100 m

加西州古华为:

The same of the sa

A WARE WAS THE TO THE TO THE PARTY OF THE SAME OF THE PARTY OF THE SAME OF THE

The state of the s

Market Control of the Control of the

LONDON SHARE SERVICE HOUSEHOLD GOODS 是这是是我们的,我们也是这种的人,我们也是这种的人,我们也是不是是一个人的人,也是是一个人的人,也是一个人的人,也是一个人的人,也是一个人的人,也是一个人的人,也 西西南京山地河大学四路高江市 200mmの でもある。 100mmの 100mm 100mmの 100mmの 100mmの 100mmの 100mmの 100mmの 100mmo 2000年100日日本 1988年1987年 8475666 47765114869876588785828132132138478788856378888 The second of th 88 -40 31 123.6 0.4 452.1 0.4 149.6 149. The control of the co | Page | Declary | Angle | Dec 以自分计划分别或用记入2000年度以近的图 2000年度 《《通名图》的《《通图》的《《《通图》的《《《通图》的《《通图》的《《《通图》的《《通图》的《《《通图》的《《《通图》的《《《通图》的《《《通图》的《《《通图》的《《《《通图》的《《《《《图》》》的《《《《《图》》》的《《《《《》》》的《《《《》》》的《《《《》》》的《《《《《》》》的《《《《《》》》的《《《《《》》》的《《《《《》》》的《《《《》》》的《《《《》》》的《《《《》》》的《《《》》》的《《《《》》》的《《《《》》》》的《《《《》》》的《《《《》》》》的《《《《》》》的《《《《》》》。《《《《》》》》。《《《《》》》》。《《《《》》》》。《《《《》》》》。《《《《》》》》。《《《》》》》。《《《《》》》》。《《《》》》。《《《》》》。《《《》》》》。《《《《》》》》。《《《》》》。《《《》》》。《《《》》》》。《《《》》》》。《《《》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《《》》》》。《《《》》》。《《《》》》》。《《《《》》》》。《《《《》》》》。《《《《》》》》。《《《《》》》。《《《》》》。《《《》》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》。《《《》》》》。《《《》》》》。《《《》》》。《《》》》。《《《》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《《》》》》。《《 Marin 1988 | Marin 6.7 287.1 14.1 24 178.1 18.0 1.0 213.4 22.7 28 809.1 0.3 1.3 112.8 13.2 13 1129 842 26 665 113 26 7017 155 13 1238 29 49 1749 17.1 34 1413 168 49 1563 02 05 880 982 13 968 105 24 1482 150 07 735 12B 43 3814 83 18 4088 05 13 5063 85 Wintereds
Harris Sell
Western Sell
Harris NAMES AND PARTY. Approved by the lefter

2 Son't Gooded Core. In
again I read

Berrycold South

Berrycold So 0.5 1220 9.8 2.6 154 4 7.2 \$ - المهدي ! ! إ مع ! ! ! ! : يه والإيد 在《四次的图》的1997年前中的1997年的 **BUSINESS DISASTER** YId 67°s PKE 3.7 24.4 2.0 10.7 5.9 19.2 7.8 10.2 - - - -9.3 0.2 2.4 13.2 6.1 8.8 CTO HOU **EST** \$219.80 110.66 1 Retinance

Retinance A DIRECTOR'S
NEED
TO KNOW by a crisis, it's up to you to get it back on its feet. Make sure you know the right steps to Safetynet 0500 855311 E ENSINES THE STATE OF COLLAROUSE Motes
COLLAROUSE MOTES
CARRIED SCHWINGTON \$5
CARRIED SC ELECTRONC & ELECTR . :1 BUILDING MATS. & MERCHANTS Attended to the control of the contr Sandana in in the second of th GAS DISTRIBUTION

Highs Cas 1995 +1

Car 199 Si week Miki Migh low Caoffer 287 1711, 8,171 282 718 408.3 111 85 98.4 HEALTH CA

11.0 HEALTH CA

13.5 0

13.5 0

13.5 10

13.5 10

13.5 10

13.5 10

13.5 10

13.5 10

14.5 Arraham Arraham

14.5 Arraham Arraham

15.5 10

16.5 Arraham Arraham

16.5 Arraham

17.5 Arraham

18.5 Arraham - 67 52 mass: AB1
- high tru Captin
- 5113 773 1.192
- 121 186 146 572
- 121 187 188
- 142 170 881
- 245 157 348

ai er Jo Vindi in

Care 2100) (74) (22) (22) (37) (37)

financial actions ord levels

graph (Marson #1) en a

- 112

DOR 20 WHO RESERVED TO THE ROLL OF THE ROL **LONDON SHARE SERVICE** THE FRANCIAL - Cont.

PROPE

*** Service Mail And Service **原理的复数形式 医阿尔姆氏性大学甲基苯基氏性 化克姆克拉拉图 "不是这个最后的连接的**

Viz. 111 (171)

LONDON STOCK EXCHANGE

UK equities ignore early sell-off on Wall Street

By Steve Thompson, UK Stock Market Editor

UK shares successfully fought off the effects of a weak opening by Wall Street and managed to end the session with good gains across the leading issues, still sustained by hopes of a further reduction in UK interest rates before the next general election.

The bullish feeling about domestic interest rates continued to filter through from Wednesday's summer economic bulletin issued by the UK Treasury. That showed a downwards revision of gross domestic product growth and an increase in the current year's public sec-

tor borrowing requirement. The PT-SE 100 index ended the ession a net 13.5 higher at 3,765.8, some 5 points above its level before the 115-point sell-off on Wall Street

last Friday evening. There was no real enthusiasm surrounding the market's secondliners, where the FT-SE Mid 250 index showed a 4.6 gain at 4.352.3. London dealers acknowledged the

market's resilience in the face of Wall Street's latest jittery performance, which came in the wake of a steep slide in Motorola shares. They dropped 20 per cent shortly after the New York opening following poor second-quarter figures, released late on Tuesday.

"The market feels fine at the moment, but that is not to say we will not mirror any further bouts of weakness on Wall Street," was the view of one head trader.

Another senior dealer, at one of the European securities houses, said the performance of global equities would be determined by bonds, which maintained their recent good showing.

Treasury bonds were around a quarter of a point higher not long after US markets opened yesterday, while gilts made steady, if sedate, progress during the day.

The Dow Jones Industrial Average, burdened by the retreat in technology stocks, was down more

than 20 points within minutes of hands as the big argument over valthe start of trading in the US and off 35 points an hour after London closed.

The real disappointment for traders came in the continuing low level of genuine activity. Turnover at 6pm was 725.9m shares, with non-FT-SE 100 issues accounting for around 55 per cent of that figure. Volume was inflated by 58m. shares traded in Graystone, one of

stocks, in which the institutions hold cubetantial stakes Hanson was a case in point, with in excess of 36m shares changing

bined with a broker recommen-

dation to push East Midland

One of the company's own

brokers, ABN Amro Hoare

Govett, reiterated its buy note

on the stock, arguing that it

was cheap at current levels

and could rise 10 per cent from

yesterday's opening price. Additionally, Hoare high-

lighted the company's funda-

mental attractions, with or

without a corporate approach.

However, there was also a

return of bid hopes, which

focused on Houston Industries,

of the US, making an offer.

received a bid

East Midland said it had not

General Accident and Com-

mercial Union rose 7 to 642p

and 4 to 567p respectively as

Merrill Lynch reiterated its

buy stance on the two stocks.

Analyst Mr Steven Bird said

the two companies had the

strongest life operations in the

sector. The broker also raised

Riectricity 15 higher to 570n.

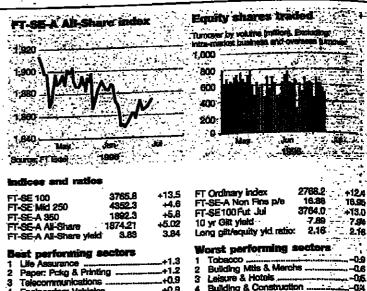
the penny stocks. But there was

some aggressive two-way trading in

a number of the large-capitalisation

uations pre- and post-demerger continued to rage. The conglomerate's shares drifted back again as the market fretted over the possibility of big US shareholdings being sold into an unwilling market.

The cellular phone stocks were also heavily traded, and weakened in the light of Motorola's results. Dixons, the high street retailer, was the best performer in the FT-SE 100 after delighting the market with a 20 per cent increase in the dividend total, while GKN, the engineering group, was given a lift by Merrill Lynch, the US brokerage, whose global legions of salesmen



Broker move hits Hanson

A bearish note from NatWest Securities snarked a bruising tug of sentiment at top conglomerate Hanson and turnover in the stock jumped to 36m shares.

The broker reiterated "reduce" advice to clients and lowered its trading valuation for the shares to 153p. This compares with valuations of 200p and above by some leading brokers.

The stock, which has lagged behind the market by 20 per announced in January, finished the day 2½ lower at 169p, where the yield is now pressed right up against the 9 per cent

There were also worries vesterday that, given Wall Street's recent wobbles, the continued drain on sentiment could shortly destabilise Hanson's US shareholder base. This extends to some 30 per cent of

the company. NatWest's valuation downgrade stems from weak trading and cashflow, a fall in UK electricity valuations and a rising tax charge at chemicals group

The Hanson selling sparked suggestions of switching into Tomkins, which moved forward 7 to 2650 in turnover of 5.4m, making a three-day gain of more than 6 per cent.

The market's blue touch paper was lit by an intriguing statement from Shell Trans-

port early yesterday. The company said it would make an announcement concerning its chemicals business at 3 pm. It has been known for

some time that Shell is seeking to address problems in its chemicals operations and the statement led to a flurry of speculation that encompassed heavy cost-cutting and the possible demerger of the whole chemicals arm. There was also talk of a significant deal with BASF, of Germany.

The shares shot forward to record a gain of more than 18p, at that point the biggest rise in the Footsie. However, the announcement that Shell had signed a non-binding letter of intent to form a worldwide petroleum additives joint venture with Exxon Chemicals proved disappointing. The stock slipped back to finish only 5% ahead at 943p after substantial volume of more than 8m shares.

Mr John Toalster of SGST commented: "This is a useful development but it is not major. It only represents 5 per cent of Shell Chemicals' turnover last year."

Merrill Lynch issued a hardhitting buy note on engineering leader GKN and the stock advanced 28 to an all-time high of 1033p.

Merrill, a long term buver of the stock, expects strong results next month when the interim figures emerge, and moots the possibility of profit upgrades later in the year. It predicts positive news flow

on orders, notably from Westland, and argues that GKN is now more than ever a strongly contra-cyclical, core holding. The broker also reminds cli ents that GKN has had a share July 10"Data based on Equity shares listed on the London Share Service

split under consideration for some time. "With the stock comfortably above £10, this could happen at any moment. said Merrill analyst Mr Adam

Collins. GKN is relatively tightly held, and yesterday's 1.4m turnover was well above average. A share split is seen as making the stock more marketable and less volatile.

A drop in second-quarter profits from Motorola the US iigh-tech giant, which partly poor mobile phone handset trading for its slack earnings outturn hit sentiment at Vodafone and Orange.

Combined volume for the two was 38m shares, with Vodafone off a penny at 236%p and Orange down 21/4 at 204p. BT continued to rebound. The shares spiked higher once Wall Street started trading. and the stock closed 61/4 up at 351p in 8.4m traded. Takeover speculation com-

| Finançial | TIME | s eq | UITY I | NDC | ES | | | |
|---------------------|-----------|--------------|------------|----------|----------|-----------|------------|--------------------|
| | Jul 10 | Jul 9 | Jul 8 | 5 فعاد | Jul 4 | Yr ago | "High | "Low |
| Ortinary Share | 2768.2 | 2755.8 | 2746.3 | 2743.9 | 2761.4 | 2582.9 | 2865.2 | 2696.7 |
| Ord. div. yleki | 4.02 | 4.05 | 4.06 | 4.07 | 4.04 | 4,12 | 4.12 | 3.76 |
| P/E ratio net | 16.40 | 16.30 | 16.25 | 16.22 | 16.31 | 16.17 | 17.25 | 15.96 |
| P/E ratio nui | 16.30 | 16.20 | 16.15 | 16.13 | 16.22 | 15,92 | 17.03 | 15,76 |
| Ordinary Share Inde | airce co | npliction: I | Yeh 2885.2 | 19/04/96 | iow 49.4 | 29/06/40. | Besse Date | z 1 <i>171</i> 36. |
| Ordinary Share 1 | nounly ch | ánges | | | | | | |

9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High 2757.5 2764.5 2768.2 2765.0 2767.0 2769.0 2771.1 2768.1 2767.8 2771.2 2757.5 Jul 10 Jul 9 Jul 8 Jul 5 Jul 4 Yrago 30,985 27,742 24,816 1736.6 1708.2 1589 37,405 35,248 36,933 577.1 824.2 601.1 28,145 29,123 1623.5 32,026

Jul 10 Jul 9 Jul 8 Jul 5 Jul 4 Yr ago "High 1075.10 1077.70 1079.20 1096.20 1081.50 — 1140.40

| "For 1996. | | | | | |
|------------------|---------|-----------------|----------|--------------------|--------|
| E London ma | rket da | ta . | | | |
| Rises and falls* | | 52 Week highs 4 | end lows | LIFFE Equity optic | ms |
| Total Rises | 633 | Total Highs | 61 | Total contracts | 48,207 |
| Total Falls | 564 | Total Lowe | 41 | Calle | 24,708 |
| Compa | 1 522 | | | l Dane | 99 504 |

its recommendation on the composite sector as a whole to "neutral" from "underweight"

marketed a big buy story.

Leisure group Rank Organiing undates. sation was the worst performer in the Pootsie yesterday, falling 11 to 482p as the stock reacted to a profits downgrade from ABN Amro Hoare Govett.

The broker said the stock is "overvalued" and published a detailed note designed to preempt the results of the strategic review, due to be announced next month along with interim figures. Hoare

downgraded current year profit expectations by £18m to £453m. Dixons rose 14%p to 530p following annual results at the higher end of forecasts.

Analysts were impressed by sales for the first 10 weeks of the current year. Several upgraded forecasts, with Panmure Gordon, for example. increasing its estimate from £162m to £180m, excluding property disposals.

Kingfisher improved 6 to 641p on the back of Dixons figures. The group has also impressed analysts with a presentation on plans for Christmas.

Analysts were not impressed by Storehouse, which said at its annual meeting that gross margins were being maintained, not improved. Storehouse fell 6 to 315p. Building materials leader

Wolseley closed at the bottom end of the Footsie rankings with a decline of more than 2 per cent. The shares came off 10 at 442p, but volume was modest and traders said there were no obvious stories in cir-

The group meets analysts for trading round-up early next month, and recent feedback from the sector suggests that trading is proceeding smoothly But Wolseley gets per cent of operating profits from North America where some analysts fear a rise in interest rates.

broad exposure to Germany, added 6 to 415p ahead of next week's round of half-year trad-

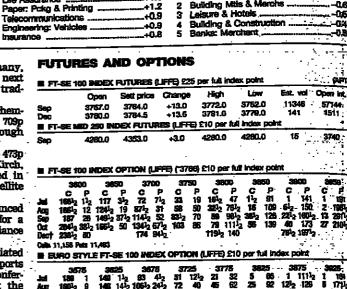
Laporte, the speciality chemicals group, added 9 at 709p after raising £23.5m through

BSkyB rose another 5 to 473p as it was revealed that Kirch. of Germany, is interested in taking a stake in the satellite broadcaster.

Kirch and BSkyB announced plans earlier this week for a digital pay television alliance

in Germany.
Glaxo Wellcome appreciated 12 to 891p on positive reports coming out of the Aids confer ence in Vancouver that the company is close to marketing its own triple Aids therapy.

MARKET REPORTERS: Peter John, Joel Kibazo,



1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200
1.200

ामस्यक्षण्यकारकोत्रेषे चन्त्रकेषेणे देखका स्वत्रकेषायकारका, (१५८८) है को

Jeffrey Brown, Lisa Wood. LONDON RECENT ISSUES: EQUITIES issue Amt (Sur) cab High Low Stock §120 F.P. 18.6 136 132 AFA Systems 172 Pecs Micro Tech 3½ †Pordum Foods 1½ †Pordum Foods 1½ †Pordum Foods 164 †Sincialr Mirosa 86 †Solid State Spp 225 †Staffware 218 Sun Life 8 Prov 113 Moralis Group

| - F.P. 23.5 | 163 | 148 14 | rhitterd of | Chis | 148 | - | |
|---|----------------------|---------------------|--------------------|-------------------------|---------------------------|-----------------------|--|
| † Alternative investment symbols please refer to | Marian. | § Place | g price. | introduc | tion, For a f | rail eache | nation of all other |
| SAMPORE MINISTER IN IN | IND LONG | | CENT | | | | |
| ET 001 B | 71111 | | 11.1. | , | | | |
| FT GOLD | WHY | -S II | | Χ. | | | |
| | Jul | % cbg | Jul | Year | Gross dir | P/E | 62 week |
| | 8 | qu day | 8 | - 290 | yfold % | طأحا | Migh Low |
| Gold Whees Index (32) | 2110.87 | +1.7 | 2576.11 | 1999.02 | 1.46 | - | 2529.73 1722.93 |
| ■ Regional Indices | | | | | | | • |
| Africa (13) | 2873.50 | +0.6 | 2856.20 | 2707.49 | 2.53 | 39.00 | 3553.86 2272.74 |
| Andreissiz (?) | 2258.73 | -1,5 | 2304.43 | 2314.43 | 2.66 | 21.17 | 2927.34 2142.76 |
| North America (12) | 1875,32 | +2.8 | 1824.26 | 1753.57 | 0.74 | 66.70 | 2188.38 1488.94 |
| Copyright, The Financial Times Limited. Figures in | Times Li bracksts | mated 18 atom nu | 96. TTG mberofo | icid Miner companies | index" is a Basia US D | tradema oliera. Bo | k of The Financial se Values: 1000.00 |

| in contrast, Redland, with | its 31/ | 12/82 † | edal Lat | | | | r this editi | | | _ 10,000 |
|---------------------------------|---------|----------------|---------------|---------|--------------|---------------|----------------|--------------|-------------------------|----------------|
| FT - SE Actuaries SI | hare In | dices | | | | | | Ţ | he UK S | eries |
| | Jul 10 | Day's chge% | Jul 9 | Jul 8 | Jul 5 | Year ago | Div. ylaki% | Net cover | P/E Xd adl ratio ytd | Total Rejum |
| FT-SE 100 | 3785.8 | +0.4 | 3752.3 | 3741,5 | 3743.2 | 3450.8 | 4.03 | 214 | 14.51 91.13 | 1542.24 |
| FT-SE MM 250 | 4352.3 | +6,1 | 4347.7 | 4339.5 | 4367.2 | 3755.0 | 3.42 | 1.74 | 20.97 114.35 | 1756.74 |
| FT-SE Mid 250 ex try Trusts | 4389.2 | +0.1 | 4386.6 | 4379.8 | 4406.9 | 3760.1 | 3.51 | 1.79 | 19.94 120.39 | 1774,88 |
| FT-SE-A 350 | 1892.3 | . +0'3 | 1886.5 | 1881.5 | 1884.8 | 1711 <i>A</i> | 3.90 | 2.06 | 15.56 48.66 | 1585.35 |
| FT-SE-A 350 Higher Yield | 1811.7 | | | | 1800.5 | | 5.23 | 1.92 | 12.45 55.27 | 1289.46 |
| FT-SE-A 350 Lower Yield | 1980.1 | | 1975.9 | 1971.7 | 1976.4 | 1713.8 | 2.69 | 2.31 | 20.12 38.39 | 1374,37 |
| FT-SE SmallCap | 2166.43 | | 2169.78 | | | | 3.02 | 1.73 | 23.92 38.81 | 1783.42 |
| FT-SE SmallCap ex law Trusts | 2168.65 | | 2171.77 | 2175.86 | 2187.23 | 1850.84 | 3.20 | 1.82 | 21,47 41.14 | 1795.29 |
| FT-SE-A ALL-SHARE | 1874.21 | +0.3 | 1869,19 | 1884,78 | 1868.75 | 1689,37 | 3.83 | 2.04 | 18.00 45.21 | 1584.64 |
| ■ FT-SE Actuaries All-S | Share | | | | | | | | | |
| | | Day's | | | | Year | Div. | Net | P/E Xd adj. | Total |
| | Jul 10 | chge% | ಀ | ᆧ | <u>Jul 5</u> | ago | ylekt% | COVER | natio ytd | Return |
| 10 MEMERAL EXTRACTION(24) | 3560.45 | +0.3 | 3551.41 | 3535,60 | 3530.50 | 2904.06 | 3.76 | 1.83 | 18.16 79.25 | 1534.05 |
| 12 Extractive industries(5) | 4223,96 | +0.1 | 4218.89 | 4198.53 | 4203.44 | 4072.A7 | 3.80 | 2.52 | 13.06 109.19 | |
| 15 Oil, Integrated(3) | 3849.31 | +0.3 | 3638.22 | 3621.08 | 3612.40 | 2883.03 | 3.92 | 1.72 | 18.50 81.84 | |
| 16 Oil Exploration & Prod(15) | 2470.27 | | 2470.30 | 2469.32 | 2475.32 | 1986.99 | 2.13 | 1.58 | 37.18 34.94 | |
| 20 GEN INDUSTRIALS(276) | 2023,51 | +0.2 | 2018.87 | 2016.24 | 2024.18 | 1984.15 | 4.28 | 1.88 | 15.58 46.85 | |
| 21 Building & Construction(34) | 1178.62 | | 1183.77 | | | | 8.51 | 1.68 | 21.26 21.83 | 989.57 |
| 22 Building Matis & Mercha(25) | 1879.95 | -0.6 | 1891.01 | 1892.64 | 1899.45 | 1809,92 | 4.07 | 1.73 | 17.78 47.17 | 956.32 |
| 23 Chemicals(25) | 2444.67 | | 2426.03 | | | | 4.08 | 1.96 | | 1166.44 |
| 24 Diversified Inclustrials(19) | 1539.22 | -02 | 1542.03 | 1544.35 | 1553.54 | 1851.30 | 6.76 | 1.69 | 10.92 58.29 | 868.94 |
| 25 Electronic & Elect Equip(37) | 2331.59 | +0.8 | 2314.21 (| 2311.89 | 2301.75 | 2013.09 | 3.33 | 1.62 | 23.22 17.87 | 1205,19 |
| 94 Englandari711 | 7440 00 | | 544460 | | *** | | | | | |

| FT-SE-A ALL-SHARE | | 15 | 2100.05 | | | | | 1850.84 | 3.20 | 1.82 | | 41.14 | 1795.29 |
|---|----------------|----------|--------------------|----------------|-----------------|--------------------|------------------|----------------|--------------|--------------|---------------|--------------|-----------------|
| | | | 1874.21 | +0.3 1 | 308.19 | 1604./8 | 1868.75 | 1689,37 | 3.83 | 2.04 | 16100 | 45.21 | 1594.B4 |
| ■ FT-SE Act | uanes | AH-S | nare | B4- | | | | | | | | | |
| | | | Jul 10 | Day's chge% | ಀ | Jtd 8 | | Year | Div. | Net | | Xd adj | |
| | | | | | | | | | ylekt% | COVER | 1900 | - ytd | Return |
| 10 MINERAL EXT | | (24) | 3560.45 | | | | | 2904.06 | 3.76 | 1,83 | 18.16 | 79.25 | 1534.05 |
| 12 Extractive indus | | | 4223.96 | | | | | 4072.A7 | 3.80 | 2.52 | 13.06 | 109.19 | 1 <u>242 98</u> |
| 15 Oil, Integrated(3 | | _ | 3649.31 | | | | | 2883.03 | 3.92 | 1.72 | 18.50 | 81.84 | 1612.80 |
| 16 Oil Exploration | L Prodice | • | 2470.27 | 2 | 770.30 | <u> 2469.32</u> | <u>2475.32</u> | 1986.99 | 2.13 | <u> 1.58</u> | 37.18 | 34.94 | 1487.80 |
| 20 GEN BADUSTRO | WLS(276) | | 2023.51 | +0.2 2 | 18.87 | 2016.24 | 2024.18 | 1984.15 | 4.28 | 1.88 | 15.58 | 46.85 | 1111.16 |
| 21 Building & Cons | | | 1178.62 | | | | | 966.1B | 3.51 | 1.68 | | 21.93 | 989.57 |
| 22 Building Matta & | . Mercia | 29, | 1879.95 | | | | | 1809.92 | 4.07 | 1.73 | | 47.17 | 956.32 |
| 23 Chemicale(25) | | | 2444,67 | | | | | 2452.93 | 4.08 | 1.96 | | 61,39 | 1166.44 |
| 24 Diversified Indus | | | 1539.22 | | | | | 1851.30 | 6.76 | 1.69 | 10.92 | 58.29 | 868.94 |
| 25 Bectronic & Be | ct Equip(| 37) | 2331.59 | | | | | 2013.09 | 3.33 | 1.62 | 23.22 | 17.87 | 1205.19 |
| 26 Engineering(71) | | | 2449,89 | | | | | 2077.51 | 3.26 | 2.44 | | 48.54 | 1496.10 |
| 27 Engineering, Vel 28 Paper, Poke & J | | _ | 3025.72 | | | | | 2421.74 | 3.47 | 1.98 | | 54.61 | 1571,84 |
| | | 59 | 2835.68 | | | | | 3125.79 | 3.89 | 1.99 | | 58.05 | 1104,60 |
| | | | 1352.31 | | | | | 1633.34 | <u> 5.23</u> | 1.59 | 15.06 | 42.36 | <u>684.91</u> |
| 30 CONSUMER GO | |) | 3591.07 | | | | | 3285.10 | 3.90 | 1.87 | 17.11 | 81,57 | 1333.88 |
| 32 Alcoholic Bever | | | 2763.27 | | | | | 2826.98 | 4,54 | 1.63 | 16,93 | 71.90 | 1003.05 |
| 33 Food Producers | | | 2510.54 | | | | | 2536.65 | 4.14 | 1.85 | 16.28 | 66.16 | 1143.14 |
| 34 Household Good | 1 (3) | | 2629.85 | | | 2617.93 | | | 3.78 | 2.14 | 15.44 | 56.43 | 1009.16 |
| 36 Health Care(20) 37 Pharmaceuticals | A GB | | 2105.67 | -022 | 10.03 | 2102.65 | 2109.37 | 1850.78 | 2.57 | 2.15 | 22.66 | 34.90 | 1286.27 |
| 38 Tobacco(1) | (1-2) | | 5256.21 4159.20 | | | | | 4163.86 | 3.21 | 1.86 | 20.88 | 91.18 | 1788,79 |
| | | | | | | 4180.38 | | | 6.11 | 2.12 | 9.65 | 156,18 | 1044.76 |
| 40 SERVICES(253) | | | 2534.28 | +0.1 25 | 31.05 | 2526.96 | 2530.05 | 2115,69 | 282 | 2.01 | 22.04 | 52.60 | 1327,07 |
| 41 Distributors(31) | | | 2847.68 | | | | | 2621.58 | 3.05 | 1.71 | 24,02 | 51.03 | 1055 58 |
| 42 Leisure & Hotels | (24) | | 3166.58 | | | 3171.61 | | | 2.79 | 1.89 | 23.66 | 152.38 | 1710.93 |
| 43 Media(48) | | | 4223.34 | | | 4185.33 | | | 2.16 | 1.68 | 30.81 | 54.14 | 1532.36 |
| 44 Retailers, Food(1 45 Retailers, General | | | 1995.44 2114,54 | | | 2004.78 | | | 3.84 | 2.32 | | 48.71 | 1280.59 |
| 47 Breweries, Pubs | | 241 | 3302.16 | | | 2115.86 | | | 2.96 | 2.20 | | 45.51 | 1218.95 |
| 48 Support Services | | 24) | 2455.89 | | | 3205.93 | | | 3.20 | 2.12 | | 52,63 | 1544,83 |
| 49 Transport(22) | امطع | | 2359.17 | -0.2 2 | E1 02 | 2932.20 2329.74 | 2950.00 | 1888.69 | 1.89 | 2.25 | 29.40 | | 1567.88 |
| | | | | | | | | | 3.45 | 1,47 | 24.72 | <u>54,52</u> | 991,21 |
| 60 UTELTIES(88) | | | 2297.83 | | | 273.54 | | | 5.56 | 2.01 | 11.15 | 63.86 | 990.09 |
| 82 Electricity(11) | _ | | 2557.60 | | | 552.58 | | | 6.36 | 2.50 | 7.88 | 201.84 | 1262.17 |
| 64 Gas Distribution | | | 1248.39 | | | 207.99 | | | 9.61 | 1.36 | 9.58 | 66.67 | 653,74 |
| 66 Telecommunicati 68 Water(12) | cusial | | 1922.45 2143.89 | | | 898,72 | | | 4.21 | 1.79 | | 12.56 | 875.55 |
| | | | 2143,00 | -0.12 | 40.24 | 147.39 | 2163,54 | 2028,58 | <u>6.17</u> | <u> 2.33</u> | 8.71 | 88.50 | 1209.07 |
| 69 NON-FINANCIA | LS(668) | | 1992.25 | +0.2 19 | 87. 81 1 | 983.98 | 1987.54 | 1813.45 | 3.84 | 1.03 | 18.00 | 47,67 | |
| 70 FINANCIALS(10 | 5 | | 2919.52 | | | 2898.79 | | | 4.13 | | | | 1521.14 |
| 71 Banks, Retai(8) | - | | 4095.87 | | | 057.93 | | | 3.80 | 2,84 | 11,49 | 73,12 | 1267.17 |
| 72 Banks, Merchani | 1869 | | 3595,79 | | | 1606.13 | | | 3.60 2.75 | 2.89 | 11.37 | 110.04 | 134R R4 |
| 73 Interrence(23) | 77 | | 1422.18 | | | 415.89 | | | 2/5 5.81 | 2.61 | 17.44 | 63.39 | 1147.58 |
| 74 Life Assurance(5 | • | | 3401.83 | +1.3 39 | 59.18 | 367.67 | 3389 19 | 7818.9P | 4,39 | 3.18 2.24 | 6.7B | 48,33 | 1078.44 |
| 77 Other Financial2 | | | 2599.14 | | | 611.93 | | | 4.03 | 2.24 | 1271 | 100.72 | 1426.07 |
| 79 Property(41) | - | | 1521.64 | | | 514.42 | | | 4.18 | 1.81 | 17.14 | 62.05 | 1492.15 |
| | OI IETOV | net | | | | | | | _ | 1,27 | <u> 23.57</u> | 36.03 | 945.03 |
| 80 INVESTMENT T | | | 31 <u>23</u> .38 | +0.4 31 | <u>10.38 3</u> | 097.91 | 3128.97 | 2887.82 | 2.25 | 1.11 | 50.05 | 42.80 | 1095.64 |
| 89 FT-SE-A ALL-SI | ARE (0) | <u> </u> | 1874.21 | +0.3 18 | 89.19 1 | 864.78 | 1868.75 | 1689.37 | 3.83 | 204 | | | |
| FT-SE-A Fledging | | | 1239.56 | | _ | 230,82 | | | | | 18.00 | | 1594.64 |
| FT-SE-A Redging ax | ine Tast | | 1252.00 | | | | | | 2.81 . | 2.45 | 18.09 | 18.31 | 1300.26 |
| · · · · · · · · · · · · · · · · · · · | | - | | Tu. 12 | 91.37U 7 | 253.92 | 12 0U ./Ü | 100522 | 3.02 | 2.66 | 15.54 | 19.92 | 1314,93 |
| - | | - | | | | | | | | | | | |
| Howly mov | | 15 | | | | | | | | | | | |
| | Open | 9.00 | 10.00 | 11.00 | 19 | .00 | 13.00 | 14.00 | 15.00 | 48 | | | |
| | | | | | _ | | | | 13.45 | 16.10 | _ Higi | u/day (| <i>DW/day</i> |
| FT-SE 100 | 3757.5 | 3765.3 | | | | | 770.9 | 37,3,1 | 3769.1 | 3766.7 | | | |
| FT-SE MId 250 | 4348.4 | 4353.0 | | | - | | 353.8 | 4353.3 | 4354,0 | 4352.5 | | | 3757,5 |
| FT-8E-A 350 | 1888.6 | 1892.2 | 1894,2 | 1892.6 | 189 | 4.1 1 | 994,4 | 1 895.2 | 1893,7 | 1882 6 | - | | 4348,4 |
| | _ | _ | | | | | | | | | 108 | | 9.8887 |
| Time of FT-SE 100 Day's | High: 220 | PM Day's | pri: 6:30 | AM FT-SE | 100 199 | 6 Hight 3 | 857.1 (19 | (C498) Los | × 2964.2 c | 23/01/20 | | | • |

■ FT-SE Actuaries 350 Industry baskets Open 6.00 10.00 11.00 12.00 13.00 14.00 15.00 16.10 Close Previous Cir.

1173.4 1174.8 1172.2 1172.1 1171.5 1171.1 1172.1 1170.6 1170.0 1170.0 1170.0 1170.6 5176.2 5187.6 5184.1 5182.8 5187.8 5198.6 5195.7 5197.9 5197.9 5187.8 2134.1 2135.3 2134.2 2134.3 21 Additional information on the FT-SE Actuaries Share indices is published in Saturday bases.

"The FT-SE Actuaries Share indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. O FT-SE international Limited 1998, All Rights necessary to FT-SE Actuaries Share indices are calculated in accordance with a standard set of ground rules established by FT-SE international Limited in conjunction with the Faculty of Actuaries and are used by FT-SE international Limited in conjunction with the Faculty of Actuaries and are used by FT-SE international Limited under Ioence. Auditor, "The WM Company." † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

Sincere Navigation Corporation corporation of the company limited by shares in Takama, Republic of Chia

NOTICE to the holders of the outstanding Sincere Navigation Corporation (the "Company") U.S. \$36,000,000 3.75 per cent. Bonds due 2003 (the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Annual General Meeting of the Company by a resolution dated 25th May, 1996, approved the issue of 18,796,750 shares of the Company's Common Stock for free distribution to shareholders as a dividend. which has been approved by the Securities and Exchange Commission of the Munstry of Finance, the Republic of China, effective 26th June. 1996. The Board of Directors has fixed 29th July, 1996 as the record date for the determination of the shareholders entitled to receive such dividend and tree distribution. Pursuant to the provisions of the Indenture constituting the Bonds, the Conversion Price of the Bonds has been adjusted as a result of the above issue from NTD35.00 to NTD32.71 effective 30th July, 1996 (Republic of China time).

11th July, 1996

Sincere Navigation Corporation

The People's Construction Bank of China US\$70,000,000 Tranche A Floating Rate Notes due US\$50,000,000 Tranche B

Floating Rate Notes due For the interest period from 11 July 1996 to 13 January 1997 the Notes will bear interest as Tranche A at 6.52969% per Thanche B at 6.42969% per

Interest payable value 13 January 1997 will be as foliou Tranche A: US\$337.37 per US\$10,000 Note US\$3,373.67 per US\$100000 Note Tranche B: US\$332.20 per US\$10,000 Note US\$3,322.01 perUS\$100,000 Note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Guaranteed Step-Up Floating Rate Notes due January 2001 For the interest period 9th July, 1996 to 9th October, 1996 the Notes will carry an interest rate of 6.17422% per anoum, with an interest amount of U.S. \$78.89 per U.S. \$5,000 Denomination Note and U.S. \$1,577.86 per U.S. \$100,000 on 9th October, 1996. Company, London

Cheung Kong

Finance

Cayman Limited

U.S. \$500,000,000

WORLD

World Tax Report enjoys an international reputation many tax jurisdictions. Its network of international correspondents all work in the field, ensuring that the Presented in a country-by-country format,

World Tax Report enables you to:

Be forewarned of impending changes in this fast-moving area

To receive a FREE sample copy, contact: Charlotte Green FT Financial Publishing, Maple House, 149 Tottenham Court Road, London W1P 9LL, UK Tel: +44 (0) 171 896 2314 Fax: +44 (0) 171 896 2319



FG Valores y Bolsa S.A. SVB WISHES TO ANNOUNCE THAT Within the framework of the agreements reached between

Merrill Lynch Europe PLC and FG Inversiones Bursatiles, S.A., Merrill Lynch Europe PLC will incorporate the securities company in our country which will be called Merrill Lynch Capital Markets España, S.A. Once it has been registered in the relevant registeries this company will carry out the activities and services provided at present by PG Valores y Bolsa, S.A., S.V.B. Accordingly, FG Valores y Bolsa, S.A. requests your permission to carry out out the procedures necessary in relation to the securities and cash balances registered in your name in our company so that these balances can be registered in your name in Merrill Lynch Capital Markets España, S.A., S.V.B. as soon as this company begins its activities. Unless we receive express instructions from you to the contrary before July, 20th 1996, we shall assume that you give your permission to carry out the actions necessary.

If you should have any queries or require additional information related to the abovementioned matters, please contact our client relations department at FG Valores y Bolsa, S.A., S.V.B., Calle José Ortega y Gasset, 29, 28006 Madrid (Spain) or call the following numbers: 578.01.98 or 435.72.33.

MARGINED CURRENCY DEALING CALL TOLL-FREE

Austria C669 7480 Demark 8001 0430 aurion Jebad 1 800 555018 Norway 2001 1181 Spain 900 994914 Flexible managed accounts Limited liability guaranteed enterland 155 3548 Lowest margin deposits

February 0800 49123016 Italy 1678 70975 OR CALL DIRECT

والمناف والمنافق والمنافر والمعامل والمعارض والمنافرة

TAX REPORT

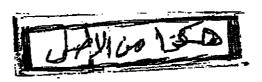
for being the first to report on all important changes in the information it provides is comprehensive and highly practical.

Fully understand the complex tax rules of each national market Keep on top of international tax developments as they occur

identity the practical implications for your business

React to changes and stay ahead of your competitors





| A STATE OF THE PARTY OF THE PAR | Highs & Lows shown on a 52 week basis WORLD STOCK MARKETS |
|--|--|
| | +/= Bigh Low Yid P/E +/- Bigh Low Yid P/E +/ |
| | |
| | |
| | |
| * *Les Sunta | ###################################### |
| | technology is helping railroads improve performance and promote safety **Rockwell*** **Rockwell*** **PACHC*** **PACHC** |
| | technology is helping railroads improve performance and promote safety **Rockwell*** **Rockwell** **Rockwell*** **Rockwell** **Rockwell*** **Rockwell*** **Rockwell*** **Rockwell** **Rockwell*** **Rockwell** ** |
| | APRICA APRICA |
| | No. |
| | Part |
| | Second |
| | ### Prices on day Traded Prices Traded Traded Prices Traded Traded Prices Traded Traded Prices Traded Trad |

ALCO

BANK

BAN

ANN AND CONTROL OF THE CONTROL OF TH

BR

THE THE LOW SHOOL OF TH

- H -

了的现在对不是我们在我们的不是我们的我们的我们的我们我们就回到我们的的有理的的。 上午十十十十十 一十 人名 人名 人名 人名马克人 人名英格兰人姓氏奇奇的变体

4444

- D -

1885
High Law Stank
30 Jr Tr CLIC Int
75 Jr Lic CLIC Int
75 Jr Lic CLIC Int
75 Jr Lic CLIC Int
12 10 Jr Clic Int
12 10 Jr Clic Int
13 10 Jr Clic Int
13 10 Jr Clic Int
15 Jr Lic Clic Int
16 Jr Lic Clic Int
17 Jr Lic Clic Int
16 Jr Lic Clic In

BERT 上京中山 中山

-k 1₂

| 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 |

| Max | W | Max - B -

٦ +1 -12 +12 المائدة المائدة المائدة

10. 27 Se 1000 Main Law County | 1 County | - C -

25'-9 21'-5 DPL Holds
22'-1 17'-9 Delies Sees
35'-2 27'-9 Desires Sees
35'-2 27'-9 Desires Ca
16'-1 12'-5 Desires Ca
16'-1 12'-5 Desires Ca
16'-1 12'-5 Desires Ca
16'-1 12'-5 Desires
16'-1 12'-5 Desires
16'-1 13'-5 Desires
16'-1 13'-5 Desires
18'-1 13'-5 Desires
18' 11 8% ECC left
25% 19% ESCA
51 21% EA leds
38 23% Earlignes
24% 18% Earlignes
24% 18% Earlignes
24% 18% Earlignes
24% 18% Earlignes
25% 19% Earlignes
25% 19% Earlignes
25% 19% Earlignes
25% 19% Earlignes
25% 14% Edinges
25% 14% Edinges
25% 14% Edinges
25% 15% Earlignes
25% 15% Earl 97 22 StuchAPE
223, 141, Entered
303, 224, Entry
13, 14, EOK Ready
274, 177, Equilibrium
275, 224, Equilibrium
4, 22 ElusulA
28 191, Esteribrium
4, 22 ElusulA
28 191, Esteribrium
13 94, Entered
145, 124, Entered
145, 124, Entered
153, 543, Entered
552, 775, Entered
552, 775, Entered

48%, 44½ J Heer PF 50 46 J Heer I, 13% 10%, Inchest En 12% 24%, Amoute En 10 8 Jup Oic 50%, 45% July 103 85½ July 105 75% 45% June Ch 50% June Ch 50%

3.57 7.3 x60 3.50 7.5 4 0.32 27 75 36 0.11 1.3 44 0.11 2.3 246 1.44 2.8 12 659 7.88 7.8 x10 1.64 2.4 14 502 0.76 1.5 34/544 0.00 4.7 18 509

- K -

46 48 47 461, 121, 117, 261, 251, 51, 251, 51, 511, 51, 511, 48 481, 48 481, 512, 51, 101, 101, 41, 41, 41, 41, 41, 41,

0.98 4.7 222 20% 20% 20% 20% 1.8 5.1 15 525 17 7.2 17 7.4 17 7.5 24. 193. HAD HEMP 21 17 RET THE ADDR X 21 17 RET PROPEY SP. 185 PROPEY SP. 145 PROPEY SP. 155 PR

41444444444444444444 25-9 21-2 MCRI
71-2 61-3 MCRI Hidge
21-2 16-3 MCRI Hidge
21-3 MCRI HIDGE
2 おかけれてかかから

本子 で おもかなす

大樓 好 各种 好 大川大學中華中華 大學大學 七 大小學者 文 大小小子

| 1.11 | 5.0 | 17 | 294 | 224 | 234 | 13 | 12 | 236 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | - N -

98%, 45%, Pehl x
13%, 9% PG Group
15%, 14 Pac Am lac
25%, 11%, Pac Scien
26%, 19% PG Group
25%, 19% PG Group
25%, 19% Pac Scien
26%, 19% Pac Scien
26%, 19% Pac Scien
26%, 19% Pac Scien
25%, 25% Painter
25%, 25% Particle
25%, 25% Parti

9% 8 0 H M Cp 25 183
32% 18% Calcitada
25 16% Calcitada
25% 16% Oriendos 10.00 4.0 22 6.09
27% 27% Oriendos 1.00 4.1 18 6541
25% 16% Oriendos 1.00 4.1 18 6541
25% 16% Oriendos 1.50 6.3 19 1853
25% 25% Calcitada
25% 25% Calcitada
25% 25% Calcitada
25% Calcitada
25% 25% - P - Q -

٠4 Reach for it If the business decisions are yours the computer system should be ours.

http://www.hp.com/go/computing

15 155 TE (PRO TE AT AND TE AT A SEE

59½ SSZ GNTX 3.875
57½ 475 SNTX
475 25 GNT MS
48½ 47 STE 22 17 STE F1.25
9½ 8½ GM MM Eq 30 Sulphr x
77½ 55 Gm MM Eq 30 Sulphr x
77½ 55 Gm MM Eq 30 Sulphr x
10½ 9½ Gm Mm Eq 30 Sulphr x
10½ 5½ Sulphr 三嘴唱記 出山路崎市

JAVI00 150

20.11.20.11

The state of the s

gain the edge over the working day. Hand the

centres of Fronts t

· 医克克特氏 经营业的 医克克斯氏 14 不是 16 有 2 克克斯 14 不是 16 有 16 克克斯 16

Continued on next page

48.6 SA36.2

| MA TO | | FINANCIAL TIMES THURSDAY JULY 11 1996 * | 29 |
|--|--|--|---|
| | The same of the sa | 1 pm class July 10 NYSE PRICES | NASDAQ NATIONAL MARKET 4 pm close subj 1 |
| | s 🎋 | - 1980 YM. P/ Sh Chart Pine. Sight Low-Shook Day S. E 7000 Wigh Low-Chart Char. High Low-Shook Day S. E 7000 Wigh Low-Chart Char. High Low-Shook Day S. E 7000 Wigh Low-Chart Char. | PV Sig. PV |
| | | Continued from previous page 71, 6% Temposition x 0.50 8.7 98 7 65 65 20% 13% Same 0.08 0.4 35 2823 14% 13% 13% 13% 21 17 Sections x 0.10 0.5 2 187 20 196 197 197 18 20 47% 17000 1.00 187 1088 7 6 7 6 66 21 17 Sections x 0.10 0.5 2 12 20 466 454 44% 44% 12 20 48% 14% 14% 14% 14% 14% 14% 14% 14% 14% 14 | ACC Corp 0.12 98 3008 48 ¹ 4, 47 ¹ 2, 48 ¹ 2, 1.2 Dep Bry 1.40 11 52 45 ² 5, 45 45 .1 ₆ Accion E 10 1818 9 ¹ 4, 8 ² 5, 6 ² 5, 1.2 Depton 0.20 15 73 9 8 ¹ 4, 8 ¹ 4, 1.2 Accion Cp 48 3349 36 ² 4, 33 ¹ 2, 33 ² 6, 1.5 DH Tech 18 244 24 ¹ 2, 23 ¹ 2, 24 ¹ 2, |
| | | 12/3 17 Schoolment 0.18 1.3 416 125 123 124 144 11 Text into 0.16 1.3 6125 123 144 17 Text into 0.16 1.3 6125 123 144 13 125 123 144 13 125 123 144 13 125 123 144 13 125 123 144 13 125 123 144 13 125 123 144 145 145 145 145 145 145 145 145 145 | ADC Tele 38 2214 4412 43 4312 -1 Dig Micro 40 1961 1818 1514 16 38 Laser Form 14 10 2 39 1014 1012 1019 418 1838 1514 13 3 3 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |
| 1 <u>1</u> | | 364 26 Seeded Ar 22 24 25 24 25 24 25 24 25 24 25 25 27 25 25 27 25 25 27 25 25 27 25 25 27 25 25 27 25 25 27 25 25 27 25 25 25 25 25 25 25 25 25 25 25 25 25 | Adv Logic 12 259 7% 74 75 +% Dids fra 0.20 1 35 51 47 5 48 1 1 1 489 55 81 81 35 1 1 1 489 55 81 81 35 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |
| | | 25° 13° 14 Section 50 1.24 5.5 27 66 21° 12° 12° 12° 12° 12° 12° 12° 12° 12° | Appetrolia 0.10 45 6 185 185 185 185 185 185 185 185 185 185 |
| | | 6014 387, SenCp 0.48 0.8 29 2222 565, 547, 58 3, 441, 302 Thermother 0.12 0.8 33 1740 4014 391, 391, 1-1, 75 892 Wilson 5.00 7.3 250 892 6692 692 | AbStd 0.88 19 1290 24 1 225 22 1 2 1 129 Empo 0.08 25 187 4 2 4 4 4 4 1 18 12 12 12 13 13 18 18 18 19 12 12 13 13 18 18 18 18 18 18 18 18 18 18 18 18 18 |
| | | 23 24 14 75 11 11 11 12 15 4 40 40 40 40 40 40 40 40 40 40 40 40 4 | |
| | • | 134 77 Showers 25 2 Showers 25 | And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 -1 Lone Star 23 209 12½ 11½ 12¼ +1½ -8 - And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 -1 Lone Star 23 209 12½ 11½ 12¼ +1½ -8 - And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 12¼ +1½ -8 - And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 12¼ +1½ -8 - And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 12¼ +1½ And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 11½ 11½ 12¼ +1½ And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 11½ 11½ 12¼ +1½ And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 11½ 11½ 12¼ +1½ And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 11½ 11½ 12¼ +1½ And Bander 0.80 10 1671 41½ 40½ 41½ -1 Sugla Fel 4 991 572 514 512 11½ 11½ 11½ 11½ 11½ 11½ 11½ 11½ 11½ 1 |
| . | ₽ • | 274 714 Signed Bolt 0.80 3.6 13 1.079 224; 213 223 4.4 46 375 Todays 0.40 6.9 13 1763 4874 4876 4876 4876 4876 4876 4876 4876 | Am Softwar 0.32 17 300 476 478 478 472 Egginest 16 1148 1019 976 1016 75 10 1147 2012 1976 20 478 478 478 478 478 478 478 478 478 478 |
| · | | 44 25 State 0.16 5.3 33 303 31 3 3 3 4 3 3 4 3 3 4 3 3 4 3 4 5 4 4 5 4 5 | Ambien 2.52 6 7 65 65 65 45 Emotor Ann 20 44 322 635 332 MCI Cm 0.05 3037943 2844 25 262 414 Scher Cp 0.52 15 365 17 ¹ g 16 ² g |
| | | 25 25 Sempler 1.18 47.12 557 254 255 255 255 255 255 255 255 255 255 | Aminopic 0.20 28 87 25% 25% 25% 25% 25% 25% 25% 25% 25% 25% |
| | | 15% 12% 500mbys 0.22 22 25 459 44% 144, 144, 144 148 158 25.22% 138mbox 0.20 22 25 459 44% 144, 144 144 145 158 25.22% 138mbox 0.20 25 157 100 774, 128 174, | Anciew Cp 35 9150 48 \(\frac{1}{4}\) 444 45 \(\frac{1}{2}\) -32 \(\frac{1}{2}\) Eticl 25 10 9 \(\frac{1}{2}\) 9 \(\frac{1}{2}\) 9 \(\frac{1}{2}\) Maries Cp 362 1885 11 \(\frac{1}{2}\) 10 \(\frac{1}{2}\) 10 \(\frac{1}{2}\) 22 \(\frac{1}{2}\) 4 \(\frac{1}{2}\) 13 80 83 88 89 -4 \(\frac{1}{2}\) Sev Tech 67 765 5 \(\frac{1}{2}\) 41 \(\frac{1}{2}\) 42 \(\frac{1}{2}\) 42 \(\frac{1}{2}\) 42 \(\frac{1}{2}\) 42 \(\frac{1}{2}\) 42 \(\frac{1}{2}\) 43 \(\frac{1}{2}\) 13 143 143 25 \(\frac{1}{2}\) 25 26 27 \(\frac{1}{2}\) 43 \(\frac{1}{2}\) 43 \(\frac{1}{2}\) 44 \(\frac{1}{2}\) 43 \(\frac{1}{2}\) 44 \(\frac{1}{2}\) 44 \(\frac{1}{2}\) 45 \(|
| - | | 14 05 22 21 21 21 1 1 1 2 1 1 1 2 2 2 2 2 2 | Applic 0.48 315109 1932d184, 1834 -14 Eddeller 137 105, 1014, 105, -12 Master 341 1159 237, 225, 237, +16 Strictfeir 63 1331 64 61, 61, 61, 61, 61, 61, 61, 61, 61, 61, |
| 4 | - | 2. 1 1 2 2 2 1 1 1 2 2 2 1 1 1 2 2 2 1 1 1 2 2 2 1 1 1 2 2 2 1 1 2 2 2 1 1 2 2 2 1 1 2 2 2 1 1 2 2 2 1 2 2 2 1 2 | Arctico 0.24 21 861 12 ¹ / ₄ 12 12 ¹ / ₆ Argonaut 1.45 10 97 31 ¹ / ₄ 30 ¹ / ₂ 30 ¹ / ₂ - ¹ / ₂ Argonaut 1.45 10 97 31 ¹ / ₄ 30 ¹ / ₂ 30 ¹ / ₂ - ¹ / ₂ Argonaut 1.45 10 97 31 ¹ / ₄ 50 ¹ / ₆ 50 ¹ |
| erioria Maria Maria Derioria | | 14 9\s, Spheng 0.00 0.4 5 270 10\sqrt{1} 10 10 10 224 174 1764 17660 23 224 224 44 4 1 10 10 10 10 224 174 1764 17660 23 224 124 174 1764 17660 23 224 174 1764 17660 23 224 174 1764 17660 23 224 174 1764 17660 23 224 174 1764 17660 23 224 174 1764 17660 23 224 17660 23 224 17660 | Armont in 0.44 14 78 15 14 ¹ 4 14 ¹ 2 - ¹ 2 Pail Emp 20 2100 6 ² 4 10 10 28 908 27 ¹ 6 26 ¹ 5 26 ¹ 2 7 ² 6 Second 7 4017 17 ¹ 5 cm 16 ² 6 2 2 4 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 |
| | | 145, 785 Sticker 0.075 1.9 10 647 391, 383, 38 +14 205, 155, 156 105, 155, 155, 155, 155, 155, 155, 155, | Alkinson 28 472 13 ¹ 4 12 ¹ 4 13 Fibritaria 1.04 16 938 51 ¹ 4 50 ¹ 2 50 ⁵ 5 - B Morcary 6 0.96 13 310 45 ¹ 4 45 45 ¹ 2 - 1 Solomare 2 1897 3 2 ⁷ 5 2.99 + 1 All SEAR 0.38 16 5356 27 ⁵ 2 25 ¹ 4 25 ¹ 4 - 4 Fiby 0.0 1 74 1 75 74 Merisel 0.305 376 376 376 376 376 376 376 376 376 376 |
| | | 284 184 Standard 0.72 25 12 209 204 1842 2042 -174 3 24 1746 3 3 339 24 25 24 14 25 214 Webbar 0.39 1.5 19 1016 24 3 24 24 24 24 25 214 | Autobies 0.34 16 5755 2614 027 2714 14 Finst Au 1.24 11 801 425 642 42 14 Methode A 0.20 19 1225 1812 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 16 12 18 18 18 18 18 18 18 18 18 18 18 18 18 |
| | | 70% 6613 Startine x 1.88 2.8 14 204 68 677; 673; 673; 673; 673; 673; 673; 673; | Figure 1 1.08 21 392 29 ¹ 2 29 29 ¹ 4 1-12 Microcom 14 5174 12 ¹ 2 11 ¹ |
| | | 16 ² 1 12 ² 4 STEL 8 215 13 ² 5 17 ² 5 12 ² 4 12 25 ² 5 25 | BEI B 0.08 28 162 103 95 10 3 FOODLA 0.11 23 9962 91 81 91 12 11 110 133 131 131 13 3 3 5 ShidyUSA 0.20 1 145 35 31 173 161 173 173 173 173 173 173 173 173 173 17 |
| | | 174 1279 Stope Court. 0.50 4.3 3 1288 144 1374 14 18 353 26 Unicome x 1.60 6.1 7 3157 255 261 261 14 38 374 374 1860 1 0.52 21 375 374 27 274 1 | Benefact 37 304 18 ¹ s 18 ¹ s 18 ¹ s 3 ¹ s 3 ¹ s 18 ¹ s 18 ¹ s 3 ¹ s 18 ¹ s 18 ¹ s 3 ¹ s 18 ¹ s 18 ¹ s 22 ¹ s 27 ¹ s 27 ¹ s 18 ¹ s 18 0.65 18 644 35 ¹ s 33 ¹ s 3 ¹ s 18 ¹ |
| ri V | | 54 27% Shurn Rigar 1.00 3.4 22 365 48 47 47k - 15 55% 44% UniCamp 1.00 3.6 8 1871 50 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 48% 487 + 16 55% 487 + | Bernin Geo |
| | • | - 174; 107; September 1.00 122 9 85 107; 174; 174; 144; 307; limite: 2.50 6.3 13 943 897; 394; 397; +1; 307; 188; 174; 175; 174; 175; 174; 175; 174; 175; 175; 175; 175; 175; 175; 175; 175 | Beythanks 240 15 633 1121103x1112 +3 GH App 23 510 232 212 275 -16 Beythanks 240 15 631 153x 143x 1433 -13 SHK Serv 0.07 27 440 29 2934 2916 +14 More P 0.32 17 196 22914 2712 2775 -3 SHRT To 0.01 23 56 1978 1958 1958 1958 1958 1958 1958 1958 195 |
| i | | 28½ 23½ Superior x 0.24 0.9 16 373 25½ 25½ 25½ 23 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25½ | Bonklerry 18 446 17% 18% 18% 18% 18% 18% 18% 18% 18% 18% 18 |
| 4.7 4. | | 35 ² 4 29 ¹ 2 Space v 0.52 1.7 20 5077 30 ² 5 30 ² 6 30 ² 6 30 ² 6 30 ² 6 30 ² 7 20 ² 8 20 20 20 20 20 20 20 20 20 20 20 20 20 | Bind: 27 2743 12½ 11 11½ 145 Sealyte 10 57 7½ 7½ 7½ 7½ 12 MMC Re 0.24 8 2 32½ 32½ 32½ 32½ 32½ 32½ 32½ 32½ 32½ 3 |
| | ·• - · | 5 37 TOST Enterx 0.20 4.5 6 374 412 414 435 154 187 0.12 0.7 10 2772 18 17 174 .5 8 8 8 2 2008 10.0 577 8 8 8 4 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Biomet 1811481 15 ¹ g 14 ² g 15 ¹ g 14 ¹ g 15 ¹ g 16 ¹ g 15 ¹ g 1 |
| | · | ## The Court Sx 0.84 0.8 525 54, 55 55 -17; 50 54 55 55 -17; 50 55 50 54 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 55 -17; 50 55 55 55 55 -17; 50 55 55 55 -17; 50 55 55 55 55 55 -17; 50 55 55 55 55 55 55 55 55 55 55 55 55 | Both Brane 0.32 21 877 15 ¹ g 147g 15 Both Brane 0.32 21 877 15 ¹ g 147g 15 Both B Brane 0.32 21 877 15 ¹ g 147g 15 Gibert A 0.80 4 155 13 ¹ g 12 |
| . - | | 25½ 19½ Takasan Pi 0.03 0.1 383 23½ 23½ 23½ 2½ 23½ 1½ 32½ Univ Fronts 1.00 2.0 20 279 35½ 35 35½ 1½ 1½ 1½ 110 6½ 8½ 8½ 1½ 1¼ 6½ 8½ 1½ 10 6½ 8½ 8½ 1½ 1½ 1½ 10 6½ 8½ 8½ 1½ 1½ 1½ 10 6½ 8½ 1½ 1½ 1½ 10 6½ 8½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ | Brooken 12 23-40-5 15-9 1-9 15-15 75 1-9 15-15 75 1-9 15-15 75 1-9 15-15 75 1-9 15-15 75 1-9 15-15 75 1-9 15-15 75 15-15 |
| | | 15'4 8'2 Tandant 500 97' 10'4 99 10 -1 20'2 22'4 turnert op 2 10'5 25'4 turnert op 2 10'5 2 | BT Shipmg 0.48 18 25 107g 37g 37g Green AP 0.28 9 4 21 197g 27 Mexicitin A 712252 185g 1814 1816 16 16 16 16 16 17 Telebot 10 9347 12 97g 115g +17g +17g 1816 1816 18 25 107g 37g 37g 1816 1816 1816 1816 1816 1816 1816 181 |
| | | 27 23 Tecn Bung 1.12 4.7 14 370 24½ 25½ 34 32 37½ 555mat 2.14 6.7 12 3623 51½ 31½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 51½ 5 | 2 2 5657 2576 2574 2574 2574 2574 2574 2574 2574 2574 |
| | • | 574, 424, Toking SA 1.55 22.5 15 2254 534, 544, 544 22.5 174 USS III 0.08 3.2718 5279 2742 27 274 445 384, 234, 234, 234, 234, 234, 234, 234, 23 | -C- CTac 36 533 29 ¹ 2 28 ³ 4 28 ⁷ 8 1 4 29 3 17 ² 8 1 1 10 10 22 9 3 49 17 ³ 4 17 17 ³ 18 18 18 18 18 18 18 18 18 18 18 18 18 1 |
| · · · · · · · · · · · · · · · · · · · | · | | CademanCore0.20 11 192 13 ² gd13 ² k 13 ³ k 13 ³ k 18 ³ g 16 ³ k 18 ³ g |
| | | AMEX PRICES 4 pm clase, July 10 | Contains 49 129 8½ 8½ 8½ 8½ 124 HardenTch 19 497 11½ 10½ 10½ 2½ Otherwys 8 171 12½ 11½ 12 Contains 16 630 2½ 2 2 ½ Cascon Inc. 0.52 33 88 102½ 102½ 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 102½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 12½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 12½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 12½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ 11½ 12 Cascon Inc. 0.52 33 88 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ 10½ |
| 원 | , ♦ | P/ Sta P/ | Carbonicas 20.2 19 7 394, 387, 387, 384, -1 ₈ Herbit 0.60 19 302 15 142 142 -1 ₄ Oglobsy N 1.20 6 91 483, 441, 137 ₈ 137 ₈ -1 ₄ Transfers 46 605 8 77 ₈ 77 ₈ +1 ₄ Casses 0.36 15 219 14 131 ₄ 14 -1 ₄ Herbit 0.60 19 302 15 142 142 -1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 46 605 8 77 ₈ 77 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Casses 7 1359 107 ₈ 91 ₄ 11 -1 ₈ Herbit 0.68 12 25 261 ₄ 261 ₄ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₂ 191 ₄ 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₂ 442 442 -1 Transfers 1.10 13 94 201 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₈ 441 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₈ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₈ +1 ₄ +1 ₄ Oglobsy N 1.20 6 91 483, 441 ₈ +1 ₄ +1 ₄ Oglobsy N 1.2 |
| | | Affinisc 11 6 13 17 112 113 1 12 113 1 12 113 1 13 1 | Canticor 2729490 283-92472 27 3-9 Horestries 0.44 14 2 57-8 57-8 57-8 Ond Name 0.92 17 64 37 ¹ 4 37 37 37 Contribution 10 188 12 477 285-8 225-8 225-8 14 Hund 18 0.20176 2534 21 ¹ 4 185-8 21 ¹ 2 +1 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 29 Horestries 0.80 12 1161 24 23 ¹ 2 23 ¹ 4 Contribution 9 10 23 477 2 |
| | | Amortical 196 250 u14 13 ² g 13 ² g + 1 ₃ Magazinat 115 8 31 ¹ g 31 ² g 13 ² g + 1 ₃ Magazinat 115 8 31 ¹ g 31 ² g | Chandler 11 15 61 ₆ 61 ₈ 61 |
| 5. : i | | #Earl 7 2305 542 543 54 74 74 74 74 74 74 74 74 74 74 74 74 74 | Chemitab 16 23 14 ¹ 2 13 ¹ 3 14 ¹ 2 4 ¹ 2 |
| | | BEH Ocean 0.60 12 7 2% 21% 24% 41% Entring Ru 19 189 10% 87% 10 Entring Ru 19 189 10% 187% 11 Entring Ru 19 189 10% 187% 18 Entring Ru 19 189 10% 18 Entring Ru | Com Rin 1.48 14 730 572 26672 57 -12 FR Sys 18 355 12.6 12 12 -76 Downton 1.80 13 7 334 3242 3242 US Energy 42 777 174 15 164 -1 |
| | | Beart 14 3½ 3½ 3½ 3½ 15 15 15 15 15 15 15 15 15 15 15 15 15 | Clean Nor 3 32 31 27 27 18 18 18 18 224 15 24 221 222 24 27 24 18 18 18 18 18 18 18 18 18 18 18 18 18 |
| | | Bowlind 0 3s 11 205 2014 2018 2014 14 8 8 8 1014 15 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 17 8 1014 17 8 10 | Contractim 0 65 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |
| | | - Castrick 0.20 15 347 487g 485g 485g 487g -2 Boldfield 12 315 7g | Copens Cp 25 1331 17 161 ₂ 161 ₂ 1 ₃ Indicable 5 170 17 ₈ 11 ₈ 11 ₆ 12 18 Perco Am 16 20 9 81 ₄ 81 ₄ Value of 17 6 321 ₄ 321 ₄ 321 ₄ 121 ₂ 211 ₄ 1 ₂ 121 ₄ 121 ₄ 211 ₄ 121 ₄ |
| | | Commence 118 E5 1958 1012 1050 Health Ch 162 30 155 156 15 15 16 Number 112 6 412 412 412 412 412 412 412 412 412 412 | Columbr 1.50 10 95 214 202 214 Interface 20 256 224 224 224 225 -38 Columbr 0.19 16 5734 24 201 221 -112 Interface 0.24 14 294 151 147 147 -38 Perment 9 124 2 176 2 176 2 176 Heavy Rest 14 866 13 124 13 +18 Chrosoph Rest 17 185 185 14 184 |
| v · . | : : | | Commence 43 351 3014 293, 293, 3-2 keepwoic 19 3139 2054 184, 2012 478 Penips 19 2192 10 3 d1012 10 4 Works B 0.50 8 639 223 224 2238 48 Penips 19 2192 10 3 d1012 10 4 Penips 19 2192 10 4 |
| | | | Constitute 32 63 281-2 27 271-4 4 lonsing CD 16231626 291-2 28 291-3 1 lonsing CD 16231626 291-2 28 291-3 1 lonsing CD 16231626 291-2 28 291-3 1 lonsing CD 16231626 291-4 lonsing CD 1623162 291-4 |
| 122. · · · · · · · · · · · · · · · · · · | | | Coural 0.50 18 454 1845 174 174 - 18 Coural 0.50 18 454 1845 174 174 - 18 Coural 0.50 18 454 1845 174 174 - 18 Coural 0.50 18 454 1845 174 174 174 174 174 174 174 174 174 174 |
| | . | Have your FT hand delivered in | Consider B 0.02 20 3806 23 ¹ g 25 ² g 25 ² g - 1 ₂ Jason inc 0.25 14 703 8 ¹ g 7 ¹ |
| | . : | | Gyrix 11713 18 164g 17 Joseph Med LOS 67 1879 32 224g 30 -112 Proved 15 350 113g 113g 113g 113g 113g 113g 113g 113 |
| | : - ' . | Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day. Hand delivery services are available for all subscribers who work or live in the business working day. Hand delivery services are available for all subscribers who work or live in the business working day. Hand delivery services are available for all subscribers who work or live in the business working day. Hand delivery services are available for all subscribers who work or live in the business working day. | PriCost 1716411 201-2 167 20 14 173 20 15 167 20 14 WP ADR 22 130 121-2 167 3 167 167 173 173 173 173 173 173 173 173 173 17 |
| | | working day. Name deriva, Milano, Roma (Centro Citta, Panoli, Eur) and Tornio. Fields derived centres of Firenze, Genova, Milano, Roma (Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centre of Firenze, Genova, Milano, Roma (Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. Fields derived the Centro Citta, Panoli, Eur) and Tornio. | Databas 42 1233 6 ¹ / ₂ 6 6 ² / ₃ + ¹ / ₃ KSwiss 2 008 173 11 10 ² / ₃ 11 10 ² / ₃ 10 ² / |
| | | Financial Times. World Business Newspaper. | Delichmone 0.44 11 44 24 ¹ / ₂ 24 24 ¹ / ₄ 10 10 10 10 10 10 10 10 10 10 10 10 10 |
| | : }. | | Deby x 0.33 19 757 41%, 40%, 40%, -1 Rosens 13-hard 13-hard 2-12-18 -19 talking 13-hard 2-12-18 -18 talking 13-hard 2-12-18 -18 talking 13-hard 2-12-18 talking 13-hard 2-12-18 talking 13-hard 2-12-18 |
| o <u>e</u> kar ya | Î | The second se | |

Mexico Peni^a

South Korea

Poland[®]

Portugal

NATIONAL AND REGIONAL MARKETS

Hong Kong (59)

By 1 pm, the Dow Jones Industrial Average had fallen 32.88 to 5,548.98 and the Standard & Poor's 500 was 4.68 lower at 650.07. The American Stock Exchange composite lost

4.85 at 561.82. NYSE volume was 237m shares The sell-off in technology shares particularly affected the Nasdaq composite, which fell 15.54 to 1,138.05 by lunchtime, a drop of 1.3 per cent. The Pacific Stock Exchange technology index was down 1.8 per cent. Motorola, which makes semi-

conductors and telecommunications equipment, had appounced a sharper than expected fall in second-quarter earnings after the market closed on Tuesday, and said it would cut back its expansion plans in the face of softening demand and falling prices for chins. Its shares had closed at \$66% on Tuesday, but fell some \$6 in after hours' trade.

The shares dropped further in morning trading, to show a loss of \$8% at \$57%, a decline of 13.4 per cent from the previous official close.

Motorola's woes weighed on other stocks in the sector. Texas Instruments fell \$% to \$48%, IBM was \$% lower at \$98%, and Hewlett Packard \$% down at \$87. On the Nasdaq market, Microsoft lost \$1% to

Motorola effect hits **US** stocks

Wall Street

\$1% at \$72% and Sun Microsystems dropped \$1% to \$52. Concern about the outlook for earnings in the health sec-Poor trading news from Motorola upset the technology sector put pressure on prices there. United Health Care fell tor and led to a wider fall in the US stock market, writes \$1% to \$44%, down 3.6 per cent; Maggie Urry in New York. shares of Wellpoint Health Networks declined \$1 at \$30%.

> Within the Dow's 30 shares Boeing dropped \$2 to \$88% after British Airways said it might postpone a \$10bn order for new aircraft if its pilots' strike went ahead.

News from Procter & Gamble of a 12.5 per cent dividend increase and a \$1bn share repurchase plan initially lifted the shares \$11/2, before they were caught in the general market malaise, and fell \$% to

Canada

Toronto was slightly higher at midsession, supported by stronger golds, and doing its best to ignore Wall Street's influence. The TSE-300 composite index was 3.84 higher at 5,080.50 in volume that had picked up from the average of recent days to 42.5m shares.

Latin America

MEXICO CITY was making headway at midsession as investors took encouragement from Tuesday's good performance. By midsession the IPC index was up 18.57 at 3,104.25. SAO PAULO took profits following a 2.4 per cent gain in the previous session, and the Bovespa index was down 858,

or 1.3 per cent, at 64,022.

% Change

902.97

376.65

761.74

517.58 226.91

510.99 263.69

57.90 108.59

334.26 147.39

277.63 99.85 353.19 146.22

73.12 244.13 178.19 165.35

emerging markets: IFC weekly investable price indices

Smith Barney, the US broker, has revised its ratings for Latin American equity markets, upgrading Chile and Colombia and reducing its recommendations on Argentina and Brazil. At the same time, it has maintained an outperform rating on Mexican

equities. Mr Peter Treadway, an analyst at Smith Barney in New York, said that over the long run he was relatively optimistic on virtually all the Latin American equity markets. On Argentina, which was downgraded to neutral from outperform, Mr Treadway said that, over the next six to nine months, he would defer to the prevailing view that the dollar-linked economy would see its equity market slowed by fears about US interest rates. As for Brazil, also reduced to neutral, he noted the market had experienced "a big run as of late, powered by good earnings from, and privatisation hopes for, Telebras". Mr Treadway believed that Chile, upgraded to an outperformer, had seen the worst case scenario on conner prices come true in a few weeks, thanks to Sumitomo.

MI Treadway believed that Chile, upgraded to an outperformer, had seen the worst case scenario on copper prices come true in a few weeks, thanks to Sumitomo. A recent downgrade on Colombia had been based on fears of significant US retaliation as a response to the expected exoneration of President Samper for any responsibility for receiving drug trafficking funds in the 1994 Liberal party election campaign. The retaliation had not materialised and was now looking less likely, which had led to an upgrade for the market to outperform. Mexico was the riskiest call, but price/earnings ratios were relatively low, the market had underperformed recently, and the broker thought that output and earnings estimates would continue to be revised upwards.

Index Index

167.01 1082.03
144.61 1044.56
165.61 162.03
148.69 347.40
127.23 159.33
242.72 244.66
155.18 101.60
155.96 135.96
135.96 135.96
135.96 135.96
221.57 247.73
64.48 92.16
120.16 105.72
443.63 537.86
933.34 989.58

+23.4

+15.0

European tumble

The rout of Motorola on Wall Street, after Tuesday's lower than expected results, spilled over to European high-technol-ogy stocks, with Nokla and Ericsson in particular marked down sharply early in the day. Motorola reported that second-quarter profits dropped to 54 cents a share, from 79 cents a year earlier, and compared with consensus market expec-

tations of 69 cents. The US company blamed kening demand and pricing pressures in semiconduc tors, coupled with start-up costs and depreciation from

adding new capacity.

Mr Neil Barton at Merrill Lynch said that, adjusted for a European context, the problems reported by Motorola were applicable to the European high-technology

There is no reason right now for people to be buying these shares," he said. "There is also a question mark over The downside is limited, but why would anybody be buying or owning them over the next three months? Longer term, however, we like them all." Nokia fell 7.6 per cent in

early Helsinki trade before recovering some of the lost ground to close FM7.60 off at FM170.90. In Stockholm, Bries. son lost SKr7 at SKr137.50. The ADRs of both compar traded in New York, were also sharply lower.

Elsewhere in continental Europe, Philips lost Fl 1.10 to Fl 54.90 in Amsterdam, while Frankfurt saw Slemens 58 pfgs down at DM81.27. In Paris. Alcatel retreated FFr7.90 to FFr436.1 and SGS-Thomson dropped FFr4.50 to FFr177.50.

Local currency terms July 5 % Change % Change 1996 over week on Dec '95

+3.1 +3.2 +0.1

553,266,74

1,415.56

1,256.87 1,137.61

5,518.01

116.13

high-techs Mannesmann rises on DBKom success

decision to sell its 49.8 per cent stake in DBKom, its telecommunications subsidiary, to a consortium which included Mannesmann took

FRANKFURT by surprise. The market, which had for the previous few days been expecting Thyssen to win the bid, consequently marked Mannesmann up to a session's high of DM539, before profit-taking left it a net 10 pfgs easier at DM534.70. Thyssen surrendered DM4.50 to DM293.

In the Ibis, there was a different picture as Mannesmann moved ahead to DM549.20 and Thyssen shrank to DM284.30. Deutsche Morgan Grenfell

in a recent report on Mannes mann, said that DBKom offered an extensive nation-wide network, would immediately bring in cashflow with Deutsche Bahn as a corporate customer, and provided a right of way to virtually every town and city in the country. There were negative factors.

however, said the broker, including the cost of upgrading and configuring the network, since most of it was copper wire rather than fibre optic. The Dax finished 5.25 firmer at 2.567.43 and the Ibis at

The German federal railway's 2.573.00. Volume was DM10bn. record highs, led by renewed strong demand for Roche. 3,788.00 as the market overcame a hesitant start and

> Sandoz gave up SFr6 to SFr1,423 and Ciba was steady at SFr1,522; both companies plan to release six-month sales

figures today. Nestlê, heavily traded again, slipped SFr6 to SFr1,480 on

SFr1,256, but analysts were

news conference tomorrow, nicked up SFr150 to SFr5.400

ZURICH extended its run of The SMI index rose 14.6 to

unaware of any special reason EMS Chemie, due to hold a

activity picked up after the US bond market opened firm.

Roche certificates, which had underperformed in recent sessions, rose SFr110 to SFr9,800, with some investors said to be switching out of the Novartis partners after their strong run.

UBS bearers consolidated recent strong gains in the morning before rumours that the bank was to hold a news conference spurred the shares SFr8 higher to SFr1,277. The bank said later that no confer-Swiss Re added SFr20 at

FT-SE Actuaries Share Indices 10:30 11:00 12:00 13:00 14:00 15:00 Class Housey changes FT-62 Bandrack 100 1690.90 1690.14 1690.48 1690.41 1690.74 1690.15 1691.10 1690.83 FT-62 Bandrack 200 1793.01 1792.02 1793.98 1792.73 1733.05 1732.71 1733.70 1792.35 JM 5 **7**4 8 3H & 1700.35 1734.01 1709.78

> on speculation that the group might announce a new share

buy-back plan or go private. Esec, the high-technology group which announced the takeover of Zevatech, of the US, on Tuesday, lost SF1200 to SFr5,200 after trading as high as SFr5.500 early in the day.

PARIS had some good perforances in the financial sector, notably Société Générale, up FFr18, or 3.3 per cent, at FFr559, where activity was helped by a strong bond market and a report from the banking commission calling for further restructuring in the sector. BNP rose FFr5.10, or 3

per cent, to FFr181.10. The CAC-40 index did little, however, edging ahead a scant 5.28 to 2,081.85. Turnover came

Both Cerus and Valeo were affected by news from the for-

mer that it was to make a FFr1bn convertible bond issue, which was taken as signalling that it would have less reason to dispose of its 28 per cent stake in Valeo, the car components manufacturer.

Cerus dropped FFT11.60 to FFr100.40 and Valeo moved FFr7.20 lower to FFr275.80. Docks de France rose FFr8 to FFr1,230 as investors decided that it would have trouble fending off a hostile takeover bid from Auchan, a privately

owned group.

AMSTERDAM moved lower overall, and Heineken's F11 loss to FI 379 was following the trend rather than reacting to news that the brewer was to withdraw its activities from

Myanmar. The Dutch group had made a \$30m investment in the country some 18 months ago, and because of the country's human rights record. The Aex

index lost 2.24 to 554.52. Royal Dutch, which hit a session high of Fl 266.30, closed with a gain of 80 cents at F1 263.40, after announcing a petroleum additives joint venture with Exxon, of the US. Ahold lost 70 cents to F191.80 as it extended its offer for

Line In

المعادر العلمان

Market Line

Marie III

Stop & Shop to July 19. MILAN edged slightly ahead in late trade, after a thin business, as political litters prompted many investors to hold back ahead of a crucial parliamentary vote on the government's budgetary measures. The Comit index rose 0.49 to

654.25, while the real-time Mibtel index picked up from a low of 10,418 to finish 10 higher at 10.437. A L574 tumble to L20,371 in

Benetton, the clothing group, was attributed to market expectations of a warrant

Eni, the state energy group, rose L72 to L7,632 and Montedison was Li5.1 higher at L868.9. with the recoveries in both attributed to futures hedging.

Written and edited by Michael

Rate worries keep Nikkei on downward path

Tokyo

The Nikkei average fell for the fifth consecutive day as worries over a rise in interest rates prompted a sell-off by financial institutions, *writes Emiko* Terazono in Tokyo.

The 225-share index lost 140.88, or 0.6 per cent, to 21,778.94, after moving between 21,757.54 and 22,041.80. Shares gained ground in the morning due to the overnight rise in US shares. Semiconductor stocks were initially bought owing to an improvement in the supply and demand figures in the US semiconductor market; but arbitrage-linked selling emerged in late trading and, along with profit-taking by domestic and foreign institu-

tions, eroded the early gains. Volume was 322m shares, against 266m. The Topix index of all first section stocks fell 9.15 to 1,658.17 and the Nikkei 300 lost 2.11 to 306.90. Declines led advances by 596 to 410, with 199 issues unchanged.

index put on 0.03 at 1.477.01. The rise in short-term money market rates above the official discount rate, currently at 0.5 per cent, triggered new fears over a shift in the Bank of Japan's monetary policy. were unnerved by the yen's rebound against the dollar following reports that US business leaders had expressed concern over the US currency's

recent ascent. Car shares were lower, with Honda Motor down Y70 to Y2,710, Toyota Motor losing Y60 to Y2,640 and Hino Motor declining Y40 to Y1,060.

SOUTH AFRICA

Equities closed firmer, with industrials boosted by positive sentiment spilling over from the bond market. Golds advanced on expectations of terlies, and a stronger bullion price. The overall index rose 24.7 to 6,937.9, the industrial index was up 4.9 to 8,184.8 and the golds index gained 29.5 at 1,896.6. De Beers added 75 cents to finish at R150.

Some semiconductor related stocks initially gained ground, but later fell on fears of the yen's rise. Toshiba lost Y6 at Y759 and NEC Y10 at Y1.180. Large-capital steels and shipbuilders retreated on profittaking, with Nippon Steel

relinquishing Y6 to Y351. Banks were weak on fears of a rise in interest rates. Industrial Bank of Japan fell Y30 to Y2,540 and Sumitomo Bank slipped Y30 to Y2,040.

Oil refiners were among the day's gainers and firm crude oil prices helped the sector, Showa Shell Sekiyu rising Y20 to Y1,110 and Cosmo Oil adding Y7 at Y695.

Some speculative issues surged on active buying: Takashima, a trading company, jumped Y100 to Y778 and Kawai Musical Instruments rose Y85 to Y610. In Osaka, the OSE average fell 56.50 to 23.102.08 in volume had appointed advisers for a of 29.5m shares. Nintendo, the video game maker, rose Y50 to Y8,020 on bargain hunting.

Heavy profit-taking depressed TAIPKI and left the weighted index off 102.64, or 1.6 per cent, at 6,225.59. Turnover amounted

Leading the way down were Formosa Plastics, off T\$3.5 to T\$56. and Formosa Chemical Fibres, T\$2 cheaper at T\$33.4. However, some high-technology stocks saw minor rebounds after heavy profit-taking earlier this week. Taiwan Semiconductor firmed 50 cents to T\$52.5 and Systex ended T\$1

ahead at T\$26.6. WELLINGTON was helped higher by a bond market rally and news that Brierley Investments, up 4 cents at NZ\$1.42, possible float of its Thistle hunters and profit takers.

hotels chain in the UK. Analysis noted a lot of The NZSE-40 Capital index moved up 12.75 to 2.116.93 in

turnover of NZ\$54.7m. Power New Zealand rose 15. cents to NZ\$6.40 after Mercury Energy lifted its offer for a 7 per cent stake held by Valley Power to \$7 per share. SYDNEY was supported by

the gold shares sector as the All Ordinaries index made 5.8 to 2,201.1 and the golds sub-index advanced 1 per cent. Against the trend went Boral, off 7 cents to A\$3.11, while BHP, which reached an intra-day high of A\$17.42, fin-

ished steady at A\$17.27. SEOUL continued to be driven by rumours that the Finance Ministry planned measures to help the stock market, and the composite index fin-ished 0.74 higher at 858.79 after

Analysts noted a lot of sneculative buying, especially in smaller stocks, in the belief

that the ministry was considering allowing second-tier stock to be bought on margin. Currently, margin loans are available only to those in the first SINGAPORE followed Wall Street higher. The Straits Times industrial index put on

14.98 at 2.230.42, but much of the action was seen in Malaysian over-the-counter shares. HONG KONG ended lower. after spending much of the session in positive territory, prompting speculation that European investors had chosen to take some profits. The Hang Seng index turned back from a high of 10,992.91 to close 17.87 weaker at 10.911.76 in volume that picked up to HK\$4.4bn.

To succeed in certain fields requires immense strength and commitment. No wonder we're winning in Asia.

In modern competition, perseverance, dedication and experience count for everything. And the same is true in today's world of investing. As part of the HSBC Group, we can draw upon over 130 years of experience in Southeast Asia, putting us in a unique position to take advantage of the prodigious economic growth taking place there. This degree of strength and commitment is something you can always expect from HSBC Asset Management. Together with the rewards that come with it.



233.49 985.08 233.40 229.94 64.19 62.57 221.14 224.69 168.92 278.34 318.70 262.04 266.61 345.34 191.32 348.85 193.84 191.32 193.79 166.51 196.56 225.10 210.89 286.30 281.51 205.37 77.65 55.48 242.65 176.95 203.81 148.64 384.59 280.43 346.46 254.13 172.85 126.09 Netherland (19)..... New Zeeland (15)... 232.83 169.79 201.79 147.16 290.74 212.03 157.34 114.74 192.97 204.86 157.24 184.90 240.97 264.67 130.40 116.62 145.65 142.48

242.59 231.50 170.02 192.77 210.27 200.57 147.30 167.01 301.43 287.63 211.18 239.42 164.08 156.51 114.94 130.32 198.21 174.78 128.34 145.52 298.68 248.94 181.35 205.62 191.55 162.71 134.19 152.14 283.62 270.54 198.09 225.28 184.57 176.06 129.30 148.60 206.93 197.59 144.96 164.36 241.54 230.40 169.21 191.85 2.21 3.07 2.33 1.18 2.08 2.22 2.48 3.01 2.08 1.94 2.55 142.48 259.20 160.52 245.29 147.05 176.90 229.66 Europe Ex. UK (510) Pacific Ex. Japon (395) World Ex. US (1798)

189.44 138.15 174.48 127.25 200.06 145.90 179.41 130.84 153.51 111.95 292.85 213.57

200.06 145.90 179.41 130.84 153.51 111.95 292.85 213.57 187.24 136.95 185.08 134.96 184.04 119.63 406.50 296.45 184.68 141.98

194.86 141.86 267.33 194.96 77.80 56.74 144.98 105.73 535.51 390.63 1128.54 822.02

209.45 199.79 148.72 165.36 180.92 214.86 188.49 191.40

MAHARASHTRA

Dominant position under challenge

As India proceeds with reforms, Mark Nicholson asks whether the state's politicians and bureaucrats have chosen the right

priorities to reach

the new objectives

om success.

Fair to detail the second

Branch Commence

170 25 32

ndia's third largest state, its undisputed financial centre and industrial powerhouse, has been taking a few knocks to its pride lately. "Is Maharashtra Losing Out?" was the coverline on a recent issue of Business India, the country's leading business magazine.

The story was pegged on the fact that the state suddenly appeared to have missed out on a clutch of new investment megaprojects. It was backed up by figures from the authoritative and independent Centre pute the CMIR figures, claimfor Monitoring the Indian ing there are more projects

Per capita state and national income

1980-81 82-83 84-85 86-87 88-89 90-01 92-93 94-95

Economy showing that, under way in Maharashtra, equally suddenly, Maharashtra even if the values are greater had been overtaken by Guja in rival states. But there are had been overtaken by Gujarat, Karnataka and Oriesa in the gross values of investments approved or under implementa-

The magazine's cover carried an anxious looking Mr Manohar Joshi, the state's chief minister, decked in the totemic bright saffron of the Hindu religion. The clear subtext was that perhaps the year-old Hindu nationalist government of Shiv Sens and the Bharativa Janata party had been deterring investors - notably foreign investors. Did they not, after all, "cancel" the \$2.5bn Dabhol power project immediately on taking office, "scrapping the biggest foreign investment in India, largely for political reasons?

The government subsequently renegotiated the Dabhol project, which is now awaiting central government approval. And state leaders dis-

certainly grounds for Business India's question. Just this year, for example, a

host of big automotive investside the state, which has traditionally been India's auto industry capital. Mahindra & Mahindra, the otherwise Maharashtra-based vehicle maker which has tied up with Ford, decided to site its \$500m plant to build the Fiesta model in the southern state of Tamil Nadu. Hyundai, the South Kor ean carmaker, also said it would set up its new 51bn car plant in the southern state. Carmakers Volvo, Daihatsu and Honda have plumped for manufacturing in other states. So is Maharashtra's indus-

trial pre-eminence threatened? The answer, on examination, appears to be not immediately, but that India's five-year-old liberalising reforms have succeeded in creating such strong competition among India's leading 20 states for fresh investment that Maharashtra cannot rely alone for its future industrial momentum on its traditional industrial leader-

The question therefore is whether the state's politicians and bureaucrats are as alive to India's post-reform challenges as their state rivals elsewhere in the union.

And the verdict of the state's business, bankers and analysis on this question is mixed: there is some concern that Maharashtra might perhaps be sitting on its laurels.

There is no disputing Maharashtra's present industrial preeminence. The state's 80m people, less than 10 per cent of India's population, produce 23 per cent of the country's outout. The state's chemicals. metals, rubber and plastic industries each account for more than a third of India's total production. Its citizens pay 40 per cent of all the income tax collected in India.



The India Gate: symbol of the former British Empire and gateway to the country's future

and its companies 25 per cent of all corporate tax.

Its infrastructure, though stretched; is rivalled by few states. Maharashtra remains essentially immune from the power cuts crippling output elsewhere in India: the state boasts two big container ports and better telecoms than almost anywhere else. New telephone connections, for which there can be a wait of up to two years in India, are available in Bombay almost on demand - "which is a total communications revolution in India." says one Bombay

Moreover, Maharashtra's government, and certainly its bureaucracy, is highly esteemed for its efficiency and pro-business orientation. The state's finances are sounder than almost any other Indian state and its finance ministry has in the last year quietly reformed its sales tax - the primary source of self-generated revenue in all Indian states - into a value added tax which Tamil Nadu and Karnataka held manufacturing groups,

promises considerably to raise the tax take over the next few years. World Bank economists consider it a highly desirable model for others.

For all such reasons, and notwithstanding disputed league table figures. Maharashtra remains top of most investors' lists, and particularly foreign investors.

British, American and German trade attachés all say that the state is the first stop for most incomers. "It is still number one, and will continue to be number one," says one western diplomat, "because it's got the goods; the infrastructure the power, the roads, all the

ocal investors take the same view, according to a comprehensive recent poll of 150 of India's biggest companies compiled by Business Today magazine and Gallup. Maharashtra topped the list of investor-friendly states, well ahead of rivals Gujarat,

and coming first or second in a list of 19 selected criteria for investment decisions, from physical infrastructure, power and proximity to ports, down to social infrastructure, work

cal stability. The exception in the list was labour costs, which in Greater Bombay - the core of Maharashtra's industrial base - are among the highest in the country, a function partly of the area's exorbitant property prices, but also of growing transport congestion and other living costs.

ethic, law and order and politi-

Which is where some of the questions start to arise. If Maharashtra is beginning to see difficulties sustaining its industrial and commercial lead, many are simply the consequence of its considerable past industrial development - and the attendant higher costs and congestion.

Mr Jamshyd Godrej, managing director of Godrej & Boyce, one of India's biggest privately-

IN THIS SURVEY

Politics: the role of the Shiv Sena party

virtually all of whose plants

have been in Maharashtra. says that the company's recent

decision to site a new refrigera-

tor plant in Punjab state was

partly determined by wage

costs, which Mr Godrej says are an eighth of those in

Greater Bombay. For similar

reasons, Coca-Cola recently

Maharashtra's industrial

concentration, while a magnet

for some investments, also in

some cases gives cause to locate elsewhere. Mahindra

and Mahindra's decision to

locate its new plant in Tamil

Nadu, for example, is under

stood to have much to do with

the fact that Maharasthra, and

north-west India in general, is

already saturated with car pro-

ducers. M&M thus took the

view that it wished to launch

the Fiesta in the south where

its greenfield plant will have

If there is a growing trend.

bankers and businessmen say

it is towards industrial invest-

ments moving away from the

concentration around Greater

Bombay, perhaps to developing

or often out of the state alto

gether. Though it is not all

one-way traffic. Pune, for

instance, is fast emerging as a

software centre to rival Banga-

lore in the south, where grow-

ing congestion, increasingly

grave power problems and a

rising shortage of trained engi-

neers have prompted an over-

spill to Maharasthra's conge-

Mr Pawan Kumar, president

of the software division of

Fujitsu-ICIM, which is already

based in Pune, says 30-40 soft-

ware companies have recently

opened branches or started

businesses in the city. He fore-

sees the present 2,000 software

employees in Pune rising to

more than 10,000 by the turn of

Nevertheless, it has begun to

dawn on Maharashtra's admin-

istrators that the state cannot

sit still and expect a happily

rising curve of investment pro-

posals. "We are aware that we

have got to keep up our pace of

development and facilities at a

higher pitch," says Mr Dinesh

Afzulpurkar, the state's senior

public relations, particularly

On one level, it is a matter of

nial second city.

the century.

more of a greenfield market.

rate headquarters in Delhi.

Industry: ambitious plans to oreserve lead

Sicom: the activities of the state's industrial and invest-

ment corporation Page 2 Nasiic a varied and devel-

oping industrial zona Investment: other state

are catching up

Dabhol power project: politically complicated

■ Roads: a long way to go before improvement

The Konkan Railway: the impressive missing link

Ports: new state privatisa tion policies Mag

Office space: in strong demand

Property: a 30 per cent slide in prices slows

 Pepsico: the reassuring investment

Film industry: the Bollywood dream machine

with regard to the perception of Maharashtra among foreign investors after the Dabbol

Since renegotiating the deal, Mr Joshi and his colleagues have striven to paint a more foreign-friendly face. It is symptomatic of the change in outlook that Mr Joshi allowed himself to sport a Pepsi baseball cap at the recent commissioning of the US group's new

production line in the state.

T.

More substantially, though, ness has broadly welcomed the government's new trade and commerce policy, announced in December last vear. But many business leaders suggest the government has been slower to match the policy with practice. "They speak about making a single window for investment approvals, says one businessman, "But they still have a long way to go before this single window is not just an additional win

Continued on Page VI

Long before we had become

citizens of the world, our dream took shape

here...

Maharashtra The leading state of India in terms of industry and prosperity. And, also a home to the Tata Group, the largest private sector group in

But like every mega industrial house we have also had a modest beginning. Before we won international acclaim as the largest private sector group in India. For us, the loundation of the Tata Group dates back to 1868 when it was founded by lamsetji Tata. Whose pioneering industrial spirit found its way over a century ago. With a textile mill in Nagpur in Maharashtra.

There has been no looking back since.

While the turnover of the integrated Tata Group amounts to nearly US \$6.9 billion today, some of the companies are industry leaders in steel, power, commercial vehicles, chemicals, cement, information systems, hotels, quartz watches and tea. A few of them also have a firm foothold in Maharashtra. Like the Tata Engineering and Locomotive Company, Tata Electric Companies, The Taj Group of Hotels, Voltas, Tata Consultancy Services, Special Steels, Rallis India and Tata Honeywell. Standing tall on the basic foundations of innovation, integrity and quality.

The search for excellence has been the hallmark of the Tata Group for more than a century. Always.

I Idan Industrion Limited, Bombay House, 24 Hom Mody Street, Mumbel 400 001. Tel: 22-2049131 Telefax : 22-2042925.

India Tata Sons Limited, Bombay House, 24 Hom Mody Street, Mumbel 400 001. Tel: 22-2049131 Telefax : 22-2042925.

I.K. Tata Lawred, 18 Grosvenor Place, London SWIX 71-5. Tel: 0171-2359291-8. Telefax 0171-2359727

U.K. Tata Lawred, 18 Grosvenor Place, London SWIX 71-5. Tel: 0171-2359291-8. Telefax 1017-1-101741. Telefax : 0041-41-7103391

Switzerfand: Tata Enterprisas (Oversons) AG. Gorthardstrasse 3, CH-6300 Zug, Switzerfand. Tel: 0041-41-7100141. Telefax : 0041-41-7103391

Switzerfand: Tata Incorporated, 101 Park Aretruo, New York, N.Y.10178 Tel: 212-557-7979. Telefax 212-557-7986.

Steel Shipping

Oil & Gas Power Finance

Addition is a positive sign, as we have amply demonstrated over the past decade. Growing from a single business to diverse lines, has taken us to an asset base nearing Rs. 6000 crores and placed us among India's foremost corporations. It is not however an uncontrolled expansion. Rather, it is a structured growth. Take for example, steel. Our HBI plant, the world's largest with a capacity of 1.76 MTA, will be providing the raw material to our 2 MTA HRC steel plant, which has recently commenced production. And both combined, make us the first fully integrated steel project on India's west coast. Thus, achieving strategic inter-business synergy. So that each activity supports the other in forming an integrated whole. That is greater than the sum of its parts, may we add.

STREL-SHIPPING-OIL & GAS-POWER-FINANCE-TURNKEY PROJECTS-TRADING



A positive attitude

ESSAR HOUSE, 11, Clarke Road, Opp. Race Course, Mahalaxmi, Bombay 400 034.

Shiv Sena's nationalism seems to have been tempered by its accession to power

Power seems to have blunted the langs of the lerocious tiger that is the emblem of the Shiv Sena party. The organisation, which was notorious for its rabble-rousing nationalistic fervour which has snarked off riot after riot in Bombay since its inception in 1966, seems to have donned a more responsible mantle after having assumed power in Maharashtra in March 1995 in alliance with the Hindu right-wing Bharat-

iya Janata party. We have been given a great responsibility by the people. and we are working very hard

to fulfil their expectations, otherwise they will not vote us hack to power," says Mr Sub-hash Desai, ideologue and general secretary of the Shiv Sena. "The law and order problem has improved substantially since we took over the state, and our chief, Mr Bal Thackeray made it clear that there is a task for each and every Shiv Sainik (Shiv Sena member) to

Mr Thackeray, a former cartoonist and journalist, is an unlikely patron saint for India's most industrialised state. There was a time when this self-professed Hitler admirer posed for photographs under a tiger baring its fangs.

perform."

Today, the founder of the Shiv Sena, who claims to run the state government "by remote control" (he has no for-

mal office) stares benignly from laminated photographs which adorn all the government offices in Mantralaya, the state government seat.

The Shiv Sena (literally, army of Shivaji, which in the 17th century fought the Mughal king Aurangzeb) was founded in the state in 1966 to galvanise unemployed youth in Maharashtra to protest against outsiders" (mostly Indians from the southern states of Tamil Nadu, Kerala and Karnataka) taking jobs in Bombay. The organisation was started

nist movement, to combat the strong trade unions that controlled the city's textile mills, railways and banks. The union leaders were

primarily as an anti-commu-

mostly from south India, and the Sena was convinced that they favoured employing youth from their states, thereby taking jobs away from the locals. Mr Thackeray, who changed

his name to that of the English writer he admires, had sat back and smirked in December 1992 while his followers targeted Moslems in Bombay's slums and the city burned following the destruction of a mosque by Hindu fanatics in Ayothya. "To hell with secularism if it is at the cost of the Hindus," he said. He insisted his men were only responding to the provocation by Moslems. "If you slap me, why should I not hit back?" he asked. "I am no Jesus Christ!" But now Mr Thackeray

Shiv Sena can slowly gain enough strength to rule at the central level, along with its ally, the BJP, which won the largest number of seats in national elections held in April and May, but fell short of the majority required to stay in government. Even the Moslems, who were apprehensive when Shiv Sena wrested power

exhorts his cadres to go into

the villages and do such good

work for the people that the

Bail Thackeray: unlikely patron saint for India's most industrialised sta Congress rule, admit that the law and order situation in the state has improved. "Our cad-

state feels safe," says Mr Desai. "But," he adds hurriedly, "that does not mean we will ever tolerate injustice against the Hin-Political expediency has forced the Shiv Sena to be

res are more responsible and

we are being very cautions to

ensure that every citizen in the

more pragmatic about foreign

investment and liberalisation of the economy. "The government has no hang-ups up about foreign investment coming into any field, as long as it is permitted by the law of the land." says Mr Yashwant Bhave industries development

"The Shiv Sena is better for reforms than the Congress was because they are less plagued by ideological conflicts within the party," says a leading Bombay industrialist. While the government sent conflicting signals to industry

when it scrapped the controversial Enron power project which had been cleared by the previous Congress state government, it has firmly put its ally, the BJP, in its place by insisting that foreign investment is welcome in any sector, whether it is for cold drinks. chewing gum, or potato chips. A powerful lobby in the BJP has been insisting that foreign investors should not be allowed into "low priority" sectors such as fast foods or huxury items. "We would like to achieve overall growth and prosperity, and for that, we are clear that we have to take advantage of every source of help, whether it is from home or abroad," says Mr Desai.
"There is no doubt that we are nationalistic, but our doors are open to international co-operation for mutual benefit, as long as we don't sacrifice our sovereignty. Shivaji, our saint, encouraged trade with the British, French and Dutch three centuries ago, but warned his lieutenants that they should not be allowed political power. We feel the same towards for-

Industrialists, who initially feared that the new govern-

ment would rob Maharashtra of the political stability that was its biggest asset, have no doubts that the Shiv Sena government is now committed to free market reform.

and the second

≲ 65.1 °

i ilistini i

ere had had

the allers

Kin bar

Maria Control

The State of the S

September

新启克尔 (1)

and the second second

particles of the

在Machine 11 - 1

Secret Secret Secret

deErd (v. 100 No. 100

CONTRACTOR OF THE PARTY OF THE

STANS MINISTER

可能 地震(中华)

BON MARKET IN

Representation

Malain is Are

. . .

'Nobody's asking questions about stability any more," says Mr Anand Mahindra, deputy managing director of the Mahindra group, the tractor, vehicle, steel and engineering company which has based most of its operations in the state. "The biggest gift of this government has been that it has not in any way eroded that stability."

Shiv Sena's critics say that the tiger has only temporarily been caged, and that the organisation's exclusionist raison d'être is bound to surface sooner or later. "The ministers still raise their hands, Third-Reich style, and salute each other with "Jai Maharashtra (Hail Maharashtra)!" says a enior trade union leader in Bombay. "They still maintain that Maharashtra is only for the Maharashtrians. They have already started imposing moral values on us, closing down cabaret joints and banning dancing girls after midnight. It is difficult to forget the violence they have perpetrated in the state even if they do support a free-market economy."

PROFILE

Scope may be too wide

One of the joints in Maharashtra's machinery to boost industrial growth and improve infrastructure is Sicom – the state industrial and investment corporation of Maharashtra - which in 30 vears has matured into a peculiar hybrid of merchant co-ordinating agency and

consultancy. Created in 1966 as a development arm of the Maharashtra government, Sicom was designed as a pioneering corporatised agency to blend investment incentives for the state's more backward areas. Two years ago the state government floated 51 per eent of Sicom's stock to give the agency commercial freedom. Since then, it has out itself in the forefront of the state's drive to draw private investment into infrastructure. In the last vear alone. Sicom has taken a leading role in everything from Maharashtra's road and ports privatisation, to forging a new joint venture

intra-state airline. . . The question is whether this multi-faceted agency can prosper on a wholly commercial basis, pushed on from India's numerous and bigger industrial lenders. such as the giant Industrial Development Bank of India or ICICI, which are both also based in Bombay, and pulled on the other by its persisting mandate to pursue state

government policies. The newly floated Sicom has made a promising enough start. For the last reported year, the corporation, which has an asset base of Rs7.35bn. returned a net profit of Rs270m, up 45 per cent on 1993-94, largely from term

companies in chemicals, plastics, metals, engineering and most of the state's other core industrial sectors. Last year Sicom sanctioned loans totalling Rs5.3bp. disbursing Rs4.1bn, increa respectively of 106 and 123

cent on a year earlier. Most term lending is short or medium term at market interest rates. "We are the first such body of this type, the first to come out with packages of incentives, the first to be privatised, and the most profitable," says an mbloshing Mr Vinayak Mhetras, a Sicom industrial promotion manager.

But Sicom is also becoming a diversified agency, raising the question of whether it can successfully manage the huge recent broadening of its

Term lending to industry traditionally accounted for 60 per cent of Sicom's income, much of it project lending. Last year, however, such lending accounted for just under half of income, the remainder coming from short-term lending, leasing equipment financing and a limited number of direct equity investments.

Aside from lending, the ency offers Indian and foreign investors help on projects, but with an emphasis on guiding them towards less developed parts of the state, relying on sales tax exemption incentives for locating in more "backward" areas, but also through its close inherited links with both government and the Maharashtra Industrial **Development Corporation** the state-run body which establishes industrial zones in such regions. "We've had quite a bit of success taking multinationals and big Indian

Nagpur and Aurangbad,* says Mr Mhetras. But Sicom's scope is broadening. This year it is co-ordinating the first bid rounds for privatisation of seven minor ports. Recently, it also took an equity stake with the government in a new Maharashtra State Road Development Corporation, designed to oversee the privatising of a series of big

mid-August. Sicom in a joint venture with a hitherto undisclosed private company will start up Maharashtra Airways with a fleet of three aircraft to serve smaller but growing industrial centres. Sicom's managers speak of "emerging to compete with the all-India financial

highway projects. In

institutions", such as IDBL ICICI or SCICL, while also creating its own niche". But the ambitious spread of its activities raises some eyebrows. Sicom's management is widely respected, but according to one Bombay banker: "There's a danger they've got too many fingers in too many pies – they may find there's a limit to how far they can leverage off their core

activity, the lending." There is also the strain between the covernment's developmental priorities and commercial imperatives. "The government has to realise Sicom is no longer their personal fiefdom - there's an innate tension between viability and the emphasis, empanies setting up in 'designated growth areas'. which often means places no-one really wants to

Mark Nicholson



The new government has ambitious plans to maintain the state's leading position

With Bombay, India's commercial and financial capital at its heart. Maharashtra continues jealously to guard its position as India's most indusrialised state. The state, with its long bistory of entrepreneurial activity, accounts for over 23 per cent of the country's gross industrial produc-

With the best irrigation, power supply and communications network in the country, a large reservoir of skilled manpower and management personnel, and its proximity to ports and marke s, Maharash tra has always been favoured by foreign investors, attracting foreign direct investment

The state runs the risk of being a victim of its own success

worth Rs22.51bn since July

But, as the state's top industrialists point out, Maharashtra risks becoming a victim of its own success. "Maharashtra is choking on its own success," admits a BJP MP from the state. "Development is never without a price, and global companies are shving away from Bombay because property prices are totally unrealistic

and the quality of life just doesn't match up." "Maharashtra, like any other market leader, is under siege, and needs to be wary of complacency," says Mr Anand Mahindra, deputy managing director of Mahindra and Mahindra, one of India's top industrial groups. "As business turns more global with the advent of multimedia, we need to benchmark globally to meet the demanding standards of multinational companies and attract new investors. We have to determine changing business needs and pinpoint what new investors are looking at, to take a completely fresh look at how we present our state to

Maharashtra's new industrial policy, introduced by the Shiv Sena-Bharatiya Janata Party right-wing coalition in December 1995, eight months after it assumed power in the state, seeks to address the cru-

cial problem of inadequate infrastructure by developing nine industrial townships in the state. "The basic approach or mission statement of our policy is the empowerment of people at all levels," says Mr Liladhar Dake, industries min-

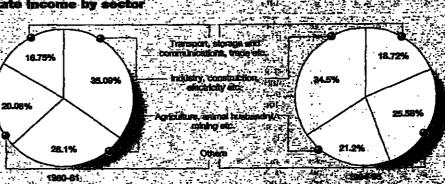
We intend to do this by extending strong support to liberalisation, and providing infrastructure in developing regions in the state so that growth is not concentrated only in some areas, putting a strain on infrastructure. The private sector will be encouraged to participate in our developmental efforts, and the state will act as a facilitator, not a controller, with the simplification of procedures and

more transparency. "We will create centres of excellence in specific growth areas in the nine locations earmarked for development," says Mr Yashwant Bhave, industries development commissioner. "There is a shift in emphasis from the cities to these areas of development, so that industry can be dispersed throughout the state, instead of being concentrated in one or two regions and straining the

infrastructure there. Mr Dake says that the new state government is trying to "telescope the development of the past 33 years into the next corporations have acquired 33,000 hectares of land in 18 months, equal to the land acquired over the past three

uated near large towns, will span areas ranging from 2,000 to 7,000 hectares. Two locations at Butibori near Nagpur and Mahad near Raigad will be ready this year, four more are expected to be developed by 1998, and the rest in five to

The townships will be financed by private sector and foreign investment participa-



tion, and bonds and loans from financial institutions such as the Industrial Development Bank of India Other locations include Sinnar (Nasik), Nandgaon Peth (Amrawati), Walimi-Shendre (Aurangabad), Kushnur (Nanded), Kagal Hatkanangale (Kolhapur), Nivli Phata

(Ratnagiri), and Indapur near The Shiv Sena-BJP government believes that as a result of the dispersal of industrial infrastructure, local employment will grow. The government plans to set up technical institutions to train potential employees in these areas.

It hopes to link small towns in every district in the state by giving incentives to private airlines. From August 15, an airline will connect Ramagiri, Jalgaon and Kolhapur districts. Private helicopter operators will be encouraged to venture into the state's vast hinterland, providing air links where none existed, and easing congestion on the roads.

Bombay, which houses majority of large Indian and multinational companies, and accounts for 80 per cent of all stock market activity in India. will be promoted as an international financial centre. Time wise, we are ideally placed between Tokyo, London

and New York, and there is no reason why Bombay cannot become a powerful international financial centre," says Mr Dake. Since more than half of the city's 13.5m people live in slums, these areas will be "redeployed and redeveloped", according to the minister.

The state government has ambitious plans for road priva-tisation and the opening up of sea routes along the state's coastline. Eight of the state's 48 ports will be privatised. A comprehensive water-harnessing programme to utilise water resources in the optimum manner for irrigation schemes is another important part of the state's industrial development. Power projects have been

from the controversial Enron power project at Dabhol, a 410MW project built by the Reliance group at Patalganga is expected to go onstream by 1997. Special emphasis is being accorded to the development of infrastructure from tourism, and the building of airports and jetties. State officials say that

though the Shiv Sena-BJP government is keen to push. reforms through, many delays are caused because of inadequate liberalisation at the centre. "We want to do a lot, but many things are beyond our control, with approvals and controls still with the central government, which does act as an impediment. For instance, all foreign exchange approvals. are still needed from the centre, and Indian currency is not fully convertible, impeding smooth foreign investment flows," says an official from

the industries ministry. "We are more consolidated. more focused in our to industrial development than the previous government, claims Mr Dake. "We don't say we will not allow foreign restment in this area or that: we have no such hang-ups. We welcome investment in any sector as long as it is within the law of the land," he says. It remains to be seen how

quickly Maharashtra's new industrial policy will be imple-"Maharashtra is going to

have to run to remain where it

is in the race for foreign invest-

It's been our privilege to help p on the world m

For over three decades note. Michaelthtra Nurturing us and fueling our ambigious companies as our JV partners, and a long list of reputed international customers.

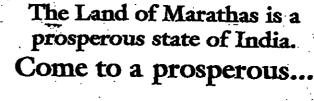
* Forgings * Auto Components * Seel * Seamless Tubes * Financial Services * Consumer Electronics

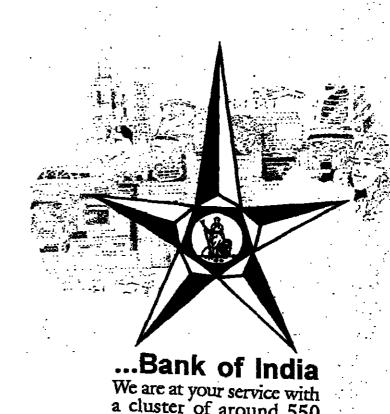
* Infrastructure

The Kalyani Group

Corporate Headquarters

Mundhwa, Pune 411 036, Maharashtra, India. Phone: 91-212-671666 Fax: 91-212-670512





a cluster of around 550 branches in the state. Do approach us for project appraisals, merchant banking and other financial assistance.

BANK OF MAHARASHTRA

Central Office: 'Lokmangal', 1501, Shivajinagar, Pune - 411 005, India. Tel. : (0212) 322728, 322731, 322733, 322734, 322735. Fax : (0212) 323246.



We think the W@prld of you

With over 200 correspondents all over the globe and 1138 branches in India. Mahabank considers it a privilege to offer you Banking Services of all types which include :

- Expert advice on investments in India through Specialised NRI Cells at Pune and Mumbai.
- Handling of your other international business requirements in India and abroad through our 19 foreign exchange centres all over India. Over 140 Computerised Branches.

5.60 3.30 5.25 5.25 5.25 9.30 9.30 1.30

Agro-processing companies would be welcomed since agriculture is a key activity

■ Nasik: by Naazneen Karmali

riser (14)

Mark Rouge

Market Services

(# 300)2 (# - _ - _ -

A mark

.. .

Per was re-

general and a pro-

And the second s

100

Ford Motors' first Indian made Escort cars will roll out soon from a factory in Nasik, a City located 170 kms from Bombay in western Maharashtra.

Preparing for launch day, Ford executives are working closely with their counterparts at Mahindra & Mahindra, a local vehicle manufacturer which is Ford's Indian part; ner. Mahindra's 800-acre factory site, of which 90 acres have been earmarked for the Escort protect, is buzzing with activity. This finds its echo in downtown Nasik where shopping plazas have sprung up and billboards urge visitors to try the comforts of Nasik's

Foodomics:

Sugarcane

opened their doors for busi-

ness, of which one is a Quality

Inn franchise and another an

executive category hotel

owned by the Taj group. Occu-

pancy is not a problem since

most rooms have been booked

by Mahindra for long-staying

resents an investment of

Rs2.5bm, is set to give a fur-

ther boost to Nasik's economy

and marks another milestone

in the city's evolution as an

industrial centre," says Mr

J.A. Kulkarni, Mahindra's

When the Mahindra group

established the factory 15

years ago to assemble trucks,

they were among the first big

companies in Nasik. At the

time, Nasik attracted more pil-

grims than business visitors.

Situated on the western banks

of the River Godavari. Nasik is

considered a sacred place by

"Our car project, which rep-

guests from Ford.

operations manager.

Cotton-

the Hindus where, according to the scriptures, the Hindu god Ram lived in exile for twelve years. Pilgrims come to take a dip in the holy river or immerse the ashes of their dead, providing a livelihood for the local priests.

But businessmen who drive in from Bombay - a nerve-racking, four-hour journev on a narrow road jammed with trucks - go directly to the large industrial estates on the outskirts. These began to be developed in the late 1960s when the state government identified Nasik as a potential industrial district and offered incentives such as tax rebates to attract investment.

Cramped for space in Bom-bay, companies that wanted to expand had no option but to look elsewhere. For many, the first choice was Pune which has become the second largest industrial city after Bombay. With overcrowding and ris-

Nasik has emerged as an

attractive alternative. Its con-

ducive industrial climate and

peaceful labour history have

attracted many large compa-

nies whose suppliers gradually

Both cities are almost equi-

distant from Bombay. But

whereas Pune's roads are

clogged with traffic and its

infrastructure is straining to

cope with the influx. Nasik

retains the relaxed charm of a

small town where people can

still bicycle to work. "Business

is booming. Nasik is what

Pune used to be ten years

ago," says Mr J.R. Bunnargi-

kar, a businessman who has

According to Mr Hunnargi-

kar, who plays an active role

in the Nasik Industries and

Manufacturers' Association

(Nima) of which he was presi-

dent last year, there are over

6.000 small_scale units.

lived in both cities.

moved in as well.

Sount ales in millions of because

:27

.427.0

Mr Dharkar says that they would like more agro-process ing companies since agriculture is a sizeable activity in the region. Nasik is India's grape capital, accounting for 60 per cent of the country's total production. These are sold in local markets and exported. Nasik's farmers also grow orders and sugarcane and have recently discovered that the climate is suitable for strawberry cultivation. Since early 1995, three have ing real estate prices in Pune, Nasik's businessmen fear

employing more than 21,000

people. Many of these small

enterprises are vendors to

larger companies and Nima's

1.100 members include both

work of suppliers is an added

advantage for a company that decides to locate here," says

Mr R.S. Dharker, Nime's hon-

orary secretary. He cites the example of Samsonite which

has chosen Nasik as its manu-

facturing base because VIP

Industries, a local luggage

maker, has a large factory and

vendor network there already.

Another recent entrant is Unilever which set up an ice

creem factory last year at Sin-

nar, Nasik's newest industrial

zone. Spread over 250 hect-

ares, Sinnar is being expanded

further by 700 hectares. These

newcomers are diversifying

Nasik's industrial base which

consists mostly of engineering

This well-established net-

big and small companies.

that rapid growth will pose problems if the existing infrastructure is not geared up. In the last decade, the city's population has doubled to over one million. Commuting between Nasik and Bombay is a nightmare by road and though there is a rail connection the trains are irregular. "A four-lane highway has been planned but no real work on it has begun. We must have a daily shuttle train to Bombay and also desperately need to be air linked to other cities, says Mr Dharkar.

Another problem companies face is recruiting skilled workers. Nasik has engineering col-leges but lacks a technical training institute so companies have to train their workers on the shopfloor. Mr Dharkar says that Nima has asked the state government for help in setting up a specialised training institution.

Other states catch up

■ Investment: by Mark Nicholson

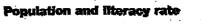
Figures suggest that Maharashtra may no longer be top destination for investors

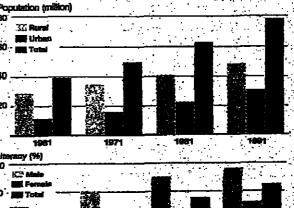
Calculating whether Maharashtra is still India's top investment destination has become a compelling pastime for some. The state's government is determined to combat a view recently gaining currency that its pre-eminence is on the slide. The view gained publicity and credence with the decisions of Mahindra & Mahindra, the otherwise Maharashtra-based vehicle maker, and Hyundai, the South Korean carmaker, to site big greenfield car plants in the southern state of Tamil Nadu,

rather than near the auto hubs of Bombay or Pune. Then, as a bulletin from the

independent Maharashtra Economic Development Council put it, came the "shocking news" from the authoritative and also independent Centre for Monitoring the Indian Economy, that "Maharashtra has been uprooted from the number one position on the projected investments front and has tumbled to fourth place, behind its long-time rival Guiarat and even Karnataka and Orissa". It was bad enough to fall second to its tra--Sizizubai bas lavir legarith lised northern neighbour Guiarat in the investment virility stakes, but Orissa? Poor, rural Orissa way out there in the

The CMIE figures for May





1996 showed that in terms of take had approved Rs1,114bn projected investment - that is worth of projects, Gujarat ment, with a total of 127 pro-

and Maharashtra just Rs1,005bn worth.

Figures for projects "under implementation" were slightly more favourable, showing Maharashtra second only to Gujarat, which had Rs618bn worth of projects under way (15 per cent of the national total) against Maharashtra's Rs498bn (12 per cent). The CMIE concluded that industrial investments in Maharashtra peaked in 1993 and have

slowed since. Maharashtra's government claimed otherwise. Suggesting that the CMIE's conclusions, "like all data, should be read with a little care", it said its own and the central govern-ment's figures showed Maharashtra had received the most "Industrial Entrepreneur Memoranda" (declarations of investment intent) and actual Letters of Intent - 4.900 - of any state Gujarat trailed, it said, with 4,032. The pace had not slowed, said the government, claiming Maharashtra led as a destination for foreign direct investapproved investment - Karna- Rs1,034bn, Orissa Rs1,010bn, posals, worth Rs22.5bn.

■ Dabhol power plant: by Mark Nicholson

U-turn that saved the project

Generating capacity must be increased if demand is not to outstrip supply

When the \$2bn-plus Dabhol power project gets the final go-ahead from India's United Front government - expected as this went to press - it will

have become about the most politically approved project in Indian history. It will have been approved at state level by Maharashtra's former Congress party government and then by the present Bharatiya Janata party and Shiv Sena Hindu nationalist alliance. At national level, it will have received the

nod from, successively, Congress, BJP

and now United Front governments:

together comprising virtually every

party of significance in Indian politics. This is a little ironic, given that it was one famous act of disapproval which has led to more than a year of delays, reviews and re-reviews: that of the present BJP-Shiv Sena government, which criticised the project during its election campaign early last year as too costly, "corruptly" negotiated and environmentally unfriendly. It then "scrapped" the project on being elected. No work has proceeded at the site, more than 100km south of Bombay,

since last August

"Dabhol" at that point became a expanded plant's output. The \$500m national icon, on one side rallying economic nationalists suspicious of the post-liberalisation arrival of foreign investment, on the other a warning signal to foreign investors that four years into liberalisation, there remained deep-seated political fears in India about the whole reform process.

When it was "scrapped", a third of the power plant construction had been completed on what was then the first of India's "fast track" power projects to have negotiated central government financial guarantees and closed its financing package. Under pressure from local industrialists and a realisation that Maharashtra urgently needed the more than 2,000MW Dabhol would bring on stream, the BJP-Shiv Sena government made an adroit U-turn, offering to

renegotiate the project. This it did, with a panel of power experts commissioned by the state government and Dabhol agreeing to a reviewed formula which would cut the project's overall cost to \$2.5bn from \$2.8bn, the power tariff to Rs1.86 a unit of power from Rs2.40 and expand the net capacity to 2,184MW from an initially envisaged 2.015MW.

The cost cuts came mainly from a \$330m fall in generation equipment prices, part of a global trend over the period. The tariff cuts were made possible partly by spreading costs over the

cost of a LNG regasification plant was also shifted from being originally a capital cost to be covered under variable costs. Otherwise, Enron executives say, the project remains essentially as first agreed by the later deposed Congress government of Mr Shawad Pawar back in 1994-95.

Once approval is granted by New Delhi, Enron believes the first naphtha/ distillate-fuelled 740MW phase of the project could be commissioned within months. Commissioning of the full 2,184MW plant, which would then be fuelled by imported liquefied natural gas, is envisaged by 2000.

The financing for Dabhol, a project led by Enron Corporation, the US energy group, with Bechtel and GE of the US as equity partners, remains in place and the state government is confident only slight delays remain before work can restart. "Central government has cleared it." says Mr Dinesh Afzulpurkar, the state's chief secretary. "It's only the procedure that's taking time formality."

For Maharashtra, one of the few states to have reliable power for its industry, the project is the most advanced of several that are intended to boost power generating capacity from 11,800MW towards a goal of 21,000MW by 2001.

Last year power supplies rose to

match demand increases of more than 11 per cent, but keeping pace with the demand will depend on Dabhol coming on stream as scheduled, along with commissioning of further megaprojects. Next in line and awaiting clearance of their power purchase agreements are a 1,082MW project from Nippon Denro Ispat, the Indian steel and engineering group with GEC of the UK, and a 410MW plant to be developed by Reli-

ance. India's biggest corporation. The Maharashtra State Electricity Board foresees a total of Rs900bn in power investments to reach its capacity goal for the next five or more years. However, the Dabhol project may face

further hurdles. Since May 1, under the agreement with Enron, the state government has been bearing project suspension costs of more than \$200,000 a day. These arise partly from legal costs, interest charges, cost escalations and the costs arising from the suspension of work to the hundreds of sub-contractors to the project - India's higgest single foreign investment project to date. Bechtel, which will build the plant, alone has more than 500 subcontractors. Negotiations on how this cost is to be subsumed have yet to be broached, and they may prove thorny. Mr Gopinath Munde, the power minister. suggested last month that the state government may have "means" to avoid having to make the payments.

THE GATEWAY OF INDIA MAHARASHTR



Mumbai, the capital of Maharashtra is the largest state in India which accounts for two thirds of India's exports and seventy percent of its share transactions. The city which has always been recognised as the commercial and industrial capital of India, is buzzing these days with transnationals like Lever, Roche, Sandoz, Bayer, ASEA, Burroughs Wellcome, Colgate, P&G, Sulzar, Coca Cola, Du Pont, MICO, Kelloggs and many more making a beeline for it. The city is emerging as a hive of financial activity centre too with the likes of Merill Lynch, Jardine Fleming, J.P. Morgan & Orix. I am very happy that major multinationals are looking at Maharashtra as partner in growth and it is no wonder that US \$ 35 billion worth of investments are taking shape right now. Add

to this the fact that my government is determined to take Maharashtra faster and further along the road to becoming an industrial superpower. An indication of that resolve is the Government's New Industrial, Trade & Commerce Policy 1995. The Salient Features of the New Industrial, Trade & Commerce Policy : The Mission: Empowerment of the people at all levels. Conscious attempt is sought to realign the Government's role from that of a controller to facilitator in focussing on the common man's development. The Basic Approach: support to liberalisation

Thrust on infrastructure in developing regions Private sector participation in development efforts Simplification of procedure and transparency. - A recent Business Today-Gallap-MBA Survey

rates Maharashtra as its first or second choice on 18 of the 19 parameters, explaining why 64 per cent of respondents to BT-Gallup-MBA poll are planning to invest in the state. Importantly, the 13 parameters on which the state stands at the top are among the highest on Corporate India's priorities too. Thus, Maharashtra tops, inter alia, on physical infrastructure on the importance scale for of power. The combined impact has made Maharashtra the country's best state to invest in, with an index score of 119.94... twice the score of the second - placed state. Source: Business Today July 7-21, 1996.





Do visit Maharashtra Home Page at http://www.maharashtra.com

GOVERNMENT OF MAHARASHTRA, MANTRALAYA, MUMBAI 400 032 PHONE : 91-22-202 5393 FAX : 91-22-282 4446 INTERNET :umc 1@ giasbur01.vsml.net.in

a prosperito

IV MAHARASHTRA



Industry held back

The state government hopes to attract foreign investment to

improve its roads The two choked hours that it can take to drive from Santa Cruz airport in Bombay to the city's downtown business centre will impress on even passing visitors the need for more, wider, better roads in Mahar-

Road infrastructure is clogged in Bombay and, in the hinterland, the poor state of overstretched and inadequate main routes is among the chief constraints on attempts to push industry further afield, towards the centres of Pune, Nasik, Aurangabad and, more distantly. Nagour at the state's castern extreme.

Pune, for instance, is a centre of India's car industry, the home of both Bajaj Autos, India's biggest two- and threewheeler maker, and Telco. the truck and carmaker. But it is a three- or four-hour drive from Pune to Bombay's ports, 160km

The state government does not need reminding of such issues. A proposed eight-lane Pune Bombay highway has been a "priority" project for the past eight years, but one dogged by political differences. legal problems in land acquisition and policy pitfalls; no government has so far managed to present a defined and legally clear ent development proposal for the road to meet contracters' requirements.

Unsurprisingly, Mr Dinesh

bay-Pune road, along with three other proposed new highway links to the north, south and north-east, as top of a list of the government's "main thrusts" for attracting private sector financing. "The government has decided in a big way to attract foreign investment to

these projects," he says. Tender documents for the Bombay-Pune road, he says. will be issued later this summer with the aim of work starting by January 1997. Executives at Sicom, the recently-

> The government aims for work on the Bombay-Pune road to start in January 1997

privatised government industrial agency, estimate the cost will be around Rs16bn. The other routes - Bombay to Goa, Ahmedahad and Nasik - would be tendered from spring 1997. But construction contractors remain sceptica).

Developers cite a range of problems. First is the question of whether the government can successfully, and without delaying legal opposition, acquire the land for the highway. Mr Afzuluurkar says this is in train and will be completed in time for the tender, perhaps by August. There is then the question of

alone along the proposed roads are not likely to suffice to repay investment costs. They have been arguing for rights to develop land alongside the proposed highway as essential to making the project remunera-

> says, will be addressed. If land cannot be offered alongside the highway, he says the government "is thinking" of offering bidders tracts of land to develop commercially elsewhere in the state. This would be handed over to the developers for the length of the lease for the road proper, which is to he tendered on a Build-Own-Operate-Transfer basis.

But as contractors point out, it is not clear that the government has yet itself acquired such commercial land to put on offer, nor is there any indication where in Maharashtra it

Moreover, the lease on the offered land, according to Mr Afzulpurkar, would be for only as long as that for the BOT scheme - a period the government will not set and which will itself form a criterion for the award of the contract: the shorter the offered BOT period, the better, suggests Mr Afzul-

Contractors say they are not holding their breath, until all such matters are clarified, legally backed and in cold print. "Only a beginning has heen made, we are still nowhere near knowing whether these projects are financeable," says the general manager of one Indian con-

The Konkan Railway: by Shiraz Sidhva

Engineering marvel nears completion

A project dreamt of over 100 years ago has defeated impossible terrain to become reality

Konkan Railway, stretching more than 760 kilometres along India's picturost ambitious projects undertaken anywhere in the world. By December this year, this missing link in the world's largest railway system will be completed, connecting the three coastal states of Maharashtra, Goa and Karnataka, and bringing with it industry

For Indian Railways, with a petwork which currently spans 61,000 kilometres, the akan coast is the last frontier, thought unconquerable until a few years ago because of the difficult terrain it covers. Hundreds of rivers flow the foothills of the Western Ghat mountains to meet the Arabian sea, making the land a nightmare for engineers.

A survey exploring the pos-sibility of a railway line along the 1,000-km Konkan coastline was undertaken as far back as 1882, but it was not till 1991 that work began on what has been the largest railway project in the world in the last 50 years and the largest in South Asia this century. The project was essential if the Konkan region was to be industria-

The Konkan Railway project was designated a fast-track project, for which funds allo-

There has been tunnelling through hard rock and through alluvial soil that was too soft to hold

budget would have been insufficient. As a result the scheme has been financed jointly by the central government. through the ministry of railways, and the state governments of Maharashtra, Goa, Karnataka and Kerala

Though the railway does not run through Kerala, it connects to the Central Railway line extending to Cochin and Trivandrum, and is expected to bring great advantages to the state. The Konkan Railway Corporation, a public sector

of railways to undertake the

A marvel of civil engineering, it has involved constructing 179 large bridges and tunnelling through 82.6km of hard rock that had to be blasted, or through alluvial soil that was too soft to hold. to build on as the journey will be breathtaking, with the railway line meandering through footbills and endless tunnels to emerge on bridges spanning deep gorges.

nothing short of a miracle, says Mr E. Sreedharan, chair man and managing director of the Konkan Railway Corporation. "I challenge anyone who says it could have been done ter in the circumstan The rocky, densely forested and inaccessible land of the Konkan is so untouched by ople were forced to migrate to Bombay or Pune to look for

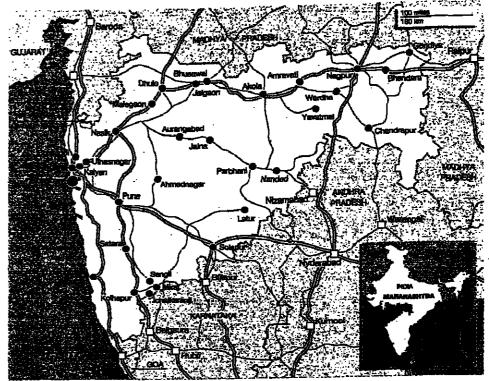
While the project itself has created thousands of jobs in the region, the prospect of a railway line has already attracted about 126 projects to the Konkan, with a total investment of over Rs505bn.

The projects include power plants (Enron Power, Tata Power), iron and steel plants (Nippon Denro Ispat, Jindal iron and Steel, Kalyani Konkan Sponge), petroleum and petrochemical projects (Bharat Petroleum, Hindustan Petroleum, Hindustan Organics, and textile mills (Orkay Industries, Ratna Silk Mills, Modern

The region is rich in mineral resources such as bauxite, iron and silica, which have been virtually untapped because of inadequate infrastructure. The fertile Konkan soil, the home of the Alphonso mango, is ideal for raising commercial crops such as cashew and areca nut and for supporting agro-based industry.

The railway will provide benefits in terms of travelling sible to tourists for the first time. The virgin beaches along the Maharashtra and Mangalore coast offer ideal locations for beach resorts, and the Western Ghats, rich with forests, are ideal for trekking and climbing. A luxury train for tourists is being planned by the Indian Railways, to traverse the route.

The 41-hour train journey from Bombay to Mangalore, traversing a circuitous route of 2,041km will now be cut down to a 914-kilometre jour-



nev which will take only 15 hours. The distance from Bombay to Cochin will take 24 instead of 36 hours, and Bombay to Goa, only ten hours instead of 20. This is assuming that the trains travel at a speed of 100kph, though the lines are being built for a speed potential of 160 kph.

Railways Indian installed a sophisticated communications network, which computerises all operations including train control. scheduling and ticketing for

the first time. "It's the work of a lifetime, compressed into five years,"

have criticised the project, saying it will cause untold damage to the region, but think of the benefits. The development versus environment debate will continue, but nobody can deny that the Konkan Railway is a technical and

project. "Environmentalists

pats in

hachilis di

Agood of

P + _

rate in

12

ن نط ۱

MAC.

<u> 222 :</u>

in the second

žτ.

발...;

₽i-..

65 ii. -

1.01

La.

30 25

Œ.ig. .-

Setting up in Bombay: by a special correspondent

A good office is so hard to find

With prices rising, landlords have a tendency to nibble away at the terms of a deal

Setting up an office in Bomba is not an exercise for the fainthearted. Except for those with enormous budgets, who are able to pay the highest office rents in the world, finding affordable and "suitable" office space in the island city taxes patience, time and then more

A dearth of adequate office space, landlords that range from the intransigent to the merely irrational, and inevitably drawn-out negotiations are just some of the hurdles a pro-

ctive tenant has to face Professional real estate agents say that, if you are willing to pay premium rents, you can find a suitable office in four to six weeks. This is probably true. However, for those on modest budgets, it can take up to six months to find and fully set up an office. Even then, "suitable" is a relative term in the Bombay property market where office accommodation ranges from the barely

adequate to the horrific. While Bombay's office rents outrank Tokyo and New York,

it has no world class buildings that are available for rent. The poor quality of the city's offices shocks many tenants used to the City of London or <u>Manhattan</u>

Many companies simply do

not even bother to look for office space, setting up base in the city's luxury hotels. The management consultants McKinsey, for example, have virtually taken over a floor of the five star Oberoi hotel in the city for the past four years. However, for most companies this is not an option and

the protracted saga of this correspondent's attempts to secure office accommodation is by no means unusual. An indication of what to

expect came with my first office - a desk in an existing pace already taken up by a sister company. The building was in the Fort area, once the main business district of the city before it was superseded by Nariman Point in the 1980s. Like so many fine old buildings in the area, it had been gutted through a break-up into a labyrinth of small tenancies. Without any collective mainte-

ing towards inevitable col-To get to the office in the morning meant climbing a dank, dark stairway stained

nance, the building was subsid-

with betel nut juice. One had to step over families that slept and cooked on the stairs. ble enough, but the state of the communal areas was horrific. There were only two toilets, without running water, for four storeys of office space and

> To get to the office meant climbing a dank, dark stairway stained with betel nut iuice

I soon realised that this office was not a long-term option. However, it was by no means the worst of the alternatives at which I looked. These, of course, were limited by bud-

get and location. Many companies are moving out of the downtown area in south Bombay to the suburbs where rents are cheaper and larger spaces are available. A suburban location is also more convenient for local staff, sav-

ing much commuting time. Continued on facing page

■ Ports privatisation: by Mark Nicholson Afzulpurkar, Maharashtra's what land rights will be offered struction group.

For concise, readable comment you can trust, you need

India Business Intelligence

Every 2 weeks, with a minimum of waffle, this readily accessible and quickly absorbed subscription newsletter provides:

- interpretation of the political and economic situation in India - and what the upheavals mean in practice
- succinct assessments of the stockmarket so you can make informed decisions
- business news and comment on every sector

For a FREE sample copy, contact Ceila Jenkins by fax on 44(0)1978 780013 or phone on 44(0) 1978 780784



FINANCIAL TIMES

Newsletters & Management Reports Maple House, 149 Tottenham Court Road, London W1P 9LL

Financial Times

do-it-yourself solution

Companies can avoid frustrating delays at the big ports by developing their own facilities`

Mr Pradeep Kapoor, managing lirector of Trafalgar House Construction India, gives a simple example to illustrate he believes the Maharashtra government's new policy of ports privatisation is likely to

In recent years, he says, the Indian Oil Company (IOC) had found that port congestion at Kandla, a major port in neighbouring Gujarat, was such that the company paid between Rs120m-Rs150m a year in demurrage charges alone.

Under the Gujarat government's policy of ports privatisation, IOC then commissioned Trafalgar House to build a captive jetty near Kandia. "One year's demurrage charges was less than the total cost of that jetty," says Mr Kapoor. He says the IOC case common. A large Gujarat-based state fertiliser

company also based near Kandla, and also paying demurrage charges of up to RS150m a year, saw the IOC jetty, and immediately commissioned its own. Tales of delay at the ports are legion across India, where four years of reforms have led

the past four years. Virtually all "major" ports are operating poorly - above capacity. 'There's a tremendous amount of excitement about ports projects." says Mr Kapoor, which he says is premised on exactly this congestion. "Companies are saying,

For the last 20 years my life

to compound growth in trade

volumes of 20-30 per cent over

has been so miserable that if Arabian Sea coast from Alesomeone gives me the opportunity to build my own port, I'll grab it'." Earlier this year the state

government offered exactly such an opportunity, following the lead of its northern neighbour and rival state Gujarat. In the expectation of receiving Rs650bn of fresh industrial investment along the its coast over the next few years, the state decided to offer seven of its 48 "minor" ports for privati-sation. "Minor" ports fall under the state's aegis, unlike "major" ports, such as Kandla, or Maharashtra's two main import-export terminals at Bombay and Jaraharlal Nehru Port Trust, which are central

government responsibilities.

The seven ports span the 720km extent of Maharashtra's

While Maharashtra privatises

the ports under its control,

centrally-run "major" ports

in the state – Bombay Port

Trust and Jawahariai Nehru

Port Trust - are struggling to

cope with surging growth in

JNPT, the newer of the two,

has therefore tendered for

construction of 600m of new

quay length and two berths

An investment of Rs60m is

envisaged, says Mr Jose Paul,

which he says should allow

container volumes to 1m TEU

(twelve-foot equivalent units)

from the 339,136 handled last

Build-Own-Operate basis.

INPT's acting chairman,

for a trebling of present

offered on a 30-year

the Indian government is

following suit. The two

wadi, north of Bombay, and the first to be tendered under the scheme, down as far as Redi. 210km south of the state capital, close to Maharashtra's The state has already completed, or is completing, techni-

cal and feasibility studies for

ather ports establishing all-we in the seven locations, with drafts of between 6m-13m for vessels up to 30,000 dead weight tonnes. on a Build-Operate-Own-Trans-

Bids will be sought in succes sion for the seven ports, which will be offered for development fer basis with a 30-year tenure, extendable for a further maximum of 20 years. Port developers will be required to install both cargo handling and passenger transport facilities, with

Container volumes to treble

year. "Bombay is saturated,

"Container traffic will have

to gravitate towards the new

1989, may be the newer port,

but sited on the southern lip

of New Bombay it has more

room to expand than its more

historic neighbour, Bombay

Port Trust, which sits on the

Bombay. Both are presently stretched. Bombay last year

tonnes of cargo and 517,000

TEU, up from 484,000 TEU a

year earlier - running at 124

designed capacity. Volumes

37 per cent last year, after

at JNPT, meanwhile, were up

handled a record 34.03m

per cent of the port's

tip of congested South

port."
JNPT, commissioned in

it will have to shed its

excess," says Mr Paul

the state government committing itself to providing back-up infrastructure of roads, rail, power and other services To date, only Ratnaghri port

of the seven has any industrial infrastructure - a small clinker

The rest are essentially fishing harbours, raising some such ports and attendant new industry might prove in otherwise rural coastal districts. Yet, although the Dabhol Power project, itself sited on st and near one of the seven offered ports, attracted some opposition from locals, state officials believe the developments will be welcomed as job-bringers rather than subjected to protests by locals. "Our experience is that people

growth of 47 per cent the

Mr Paul says 80 companies

or consortia have expressed

plan, of which he says seven

interest in the expansion

or eight appear strong

contenders. The tender

stipulates that bidding

running ports handling

includes productivity

Authority, P&O Ports

international shipping

requirements.

parties have experience of

500,000 TEUs annually and it

Interest has been expressed

by the UK's Felixstowe Port

Anstralia and several other

Authority, the Singapore Port

groups. "We should be able to

complete all the formalities

and award the contract by

December," says Mr Paul.

preceding year.

dated industry," says one Sicom executive

In every case, the aim would be for ports to be developed appropriately to the specific industries either already in place or planned for the area a factor which contractors believe will also contribute to

the success of the projects.
Big industrial groups operating close to any of the privatising ports, they suggest, might feel obliged to mount or join bids to complete the port, to ensure it fits their own requirements. "Industrialists are going to say, there's no way I can afford anyone else to build that port," says Mr Kapoor.

Some developers question whether, in the longer, term, running these smaller ports will prove profitable to the groups likely to invest in them. Like the installation of captive power plants, they argue, the developments help to clear an immediate and pressing infra-structural bottleneck, but risk ultimately adding to costs and creating new and uncharted

management areas. For the moment, though, both Indian and foreign groups have already approached Sicom with proposals for the first port on the block at Alewadi, a 9m-11m draught port 65km north of Bombay. So far Alewadi boasts only a small lighthouse, a couple of storm and warning signals and a customs official

But even without privatisation, such smaller ports have seen their trade volumes increase markedly. The combined 48 minor ports handled 2.6m tonnes of cargo in 1994.95. up more than threefold on the 729m of a year earlier. Within a decade, the state government suggests optimistically, these little fishing ports will collectively be handling 50m tonnes

A descent of 30% from the peak

Six months ago, office rents were the highest in the world. But demand has fallen sharply

Arman and an arman

The laws of gravity are finally starting to be felt in Bombay's over-inflated property market. Purchase prices on average have fallen by 30 per cent over the past year although there are signs that the slide in values may now be slowing.

A correction has long been overdue in this deeply distorted market where even shacks in the slums could fetch While the Indian economy

started a process of liberalisation in 1991, the property market has remained subject to an overhang of socialist policies

'Bombay office rents had become the most costly in the world'

which tightened up the supply of land, artificially sending

The extent of the property boom came to world attention with headlines that Bombay office rents had overtaken Hong Kong, Tokyo and London as the most costly in the world. A December 1995 Richard Ellis survey put total occupation costs for office space in Bombay at \$1,799 a sq m a year compared with \$1,408 for down-

town Tokyo and \$1,340 for

obscured the downtrend in the market over the past 12months. The liquidity crunch in the Indian economy over the past year has seen investors, corporates and public sector companies either sell off property to raise cash or scale back

Political uncertainty surrounding the national elections has also deterred investors and companies, with many waiting to assess the stability and policies of the new United Front government before making fresh commitments. In addition, fluctuations in the rupee exchange rate have seen some overseas Indian investors take more cautious approach to the market.

Speculative demand for property in Bombay has also fallen dramatically. At its peak, Bombay accounted for about 30 per cent of all demand for property

However, Bombay's unrealistically high prices have seen the "hot money" shift towards other cities in India such as Madras, Pune, Bangalore and Delhi.

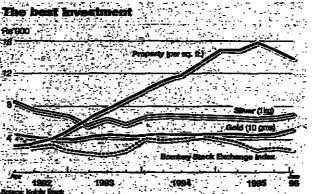
There are also signs that multinationals are being deterred by Bombay property prices. Companies such as Coca-Cola, Lehman Brothers and Ford are setting up head-quarters in New Delhi, attracted by lower overheads and closer access to the corridors of political power.

"We are worried about the direction of property prices in Bombay over the next 12 months," one leading real estate agent admits.

"People are used to seeing Bombay property prices go in one direction - upwards. They are now learning that prices property is still strong but prices are so unrealistically high at the moment that nobody can afford them."

Point, Bombay's pre-eminent business district, have fallen from an average of Rs30,000 (£600) a sq ft to around Rs21,000 over the past 12 months. At the market's peak, some office space in Nariman Point was commanding Rs40.000 a so ft. This compares with average prices of Rs5,800

Residential prices also have



fallen, although the slide bas been uneven, hitting the top and bottom ends of the market hardest. The most talked-about building in Bombay, the new NCPA apartment complex, has been a prominent casualty.

The Tata group-developed complex, which overlooks the expanse of Bombay's seashore, is said to be one of the city's most upmarket buildings, although its apartments appear well below international standards of luxury accommoda-

Pranay Vakil, Knight Frank India managing director, says rentals in Nariman Point could fall to around Rs100 a sq ft over the next two years. He says at least 250,000 to

3,450 sq ft apartment in the

building would set you back

\$3m to \$4m. Now such are

apartments are being offered

reflect fully the fall in pur-

chase prices but have softened.

Nariman Point office space has

fallen from a quoted rent a year ago of Rs200 to Rs250 a sq

Rs200 a sq ft.

ft per month to about Rs175 to

Rents in other areas have

shown similar falls. However,

over the next few years Nari-

man Point rents may fall faster

Office rents have yet to

300,000 sq ft of office space in

"The corporate boardrooms

Nariman could become vacant over that period as an increasing number of companies moves out to the suburbs or other cities.

and representative offices will still be there but there is no operations to be located there given the current high costs," he says.

Mr Vakil says much of the back office operations of the financial sector will move to a new development area on the fringe of central Bombay called the Bandra-Kurla complex. When fully developed, the

complex will be nearly seven times the size of Nariman Point. Bandra-Kurla has the scope to contain about 210 office buildings compared to the 34 at Nariman Point.

For companies, the attractions of Bandra-Kurla are clear, with purchase prices at least 25 per cent less than Nariman Point. The new complex also offers more modern, larger spaces and the commuting time for staff is considerably reduced - no small factor considering Bombay's congested traffic and overloaded public

In addition, there are other factors which are likely to increase the supply of land for development which in turn will put pressure on property

Some of the ageing textile mills which take up about a third of downtown Bombay are at last starting to be redevel-

Political pressure from unions has long presented a stumbling-block for the redeelopment of the mills which were once the base of Bombay's industrial development. It has been a key factor in the tichtening of supply of new land for redevelopment.

initially, the development on the mills was industrial estates and residential buildings. However, some companies have set up office in the industrial

Mr Nasser Munjee, Housing Development Finance Corporation executive director, cautions that property prices may actually firm in the current vear if the economy picks up. He says that, as the supply of land is still so limited, any pick-up in demand is likely to see prices rise again.

There still remains the deadweight of legislative anomalies holding back supply and development of both residential and

commercial space. Bombay must be the only

Under a policy of pursuing the decongestion of the city, state government regulations banned new commercial and

it is illegal to build even a

square inch of new office or

ity of its inner-city area.

mmercial space in the major-

office space south of the Mahim Creek, a river that marks the border between south Bombay and the sub-

However. Mr Nasser says the regulations have proved counter-productive and it is time to lift them.

There are other regulatory restraints such as zoning regulations prohibiting the building of new residential developments within 500 metres of the

They were initially introduced in the late 1970s to protect the coastline in such

the city's various state rent control

states as Kerala and Goa but have since been applied to metropolitan areas as well.

However, the most notorious and significant restraint on development in the city is Bombay's various state rent

control acts. Introduced in the 1940s, they make it extremely difficult for a landlord to evict a tenant who is determined to stay in his accommodation or even raise rents to reflect inflation

or market values. The result has created some unique anomalies. Some tenants who took up leases in the 1940s to 1960s pay peppercorn sums as low as £10 a month for bomes in the best parts of town while their immediate neighbours pay some of the highest rents in the world. Landlords with low-rent ten-

ants have virtually no incentive to maintain their property. All around Bombay are hitildings crumbling into disrepair and each monsoon season brings a toll of collapsed edi-

One local real estate agent

says there are thousands of apartments locked up empty around Bombay simply because landlords are afraid they will not be able to reclaim their property from their tenants.

Even if you have a driver

living in your garage for 20 years, it is virtually impossible to evict him from it," he says. The real estate agent says that even if someone illegally seizes part of a landlord's property, eviction through India's alow-moving court system could still take 10 to 15 years. The rent acts have survived

because of enormous political

pressure on the state govern-

ment to maintain them. However, Mr Nasser is hopeful that a solution to unwinding the rent acts may be found over the next few years. He says they may be lifted on new tenancies in the near to medium future and gradually phased out for existing tenan-

cies after giving first a fiveyear notice period of the The local real estate agent is The restraint is

sceptical though, saying there are too many vested interests to see a lifting of the rent act. "Many politicians have made a lot of money out of rising prop-erty prices," he says. However, there are also signs

that at least one legislative restraint on development may be eased. The Urban Land Ceiling Act, which limits ownership of sites in all metropolitan areas to a maximum of 500 sq metres, appears set to be over-

The act was brought into effect in 1976 by then prime minister Indira Gandhi with the socialist aims of preventing concentration of urban property in a few hands, deterring property speculation, discouraging the construction of luxury houses and ensuring an equitable distribution of scarce building materials.

The act restricted the capacity of developers to consolidate land blocks although some residential development could proceed if a set portion of it was handed back to the gov-

Mr H.D. Deve Gowda, the new Indian prime minister, is said to be a long-time opponent of the act. However, real estate agents caution that the impact of any overhaul may be more psychological given that some development could go shead

There also are other anoma-

lies holding back property By international standards.

the maximum allowable floor space that can be constructed compared to plot size - the floor space index (FSI) - is very low, restricting the scope for major projects. Bombay Municipal Corporation has moved to allow developers to increase the FSI on developments by introducing transferable development rights.

5.60 5.60 3.30 6.25 6.25 9.30 9.30 3.30

If the developer undertakes such projects as slum redevelcoment or a school, they gain development rights which can size of other developments. However, the TDRs only apply to residential projects and only in some areas of the suburbs

Perhaps the perplexing anomaly is why more ordinary Bombayites sitting on the vast wealth of their real estate do not simply sell up and enjoy less frenetic city One real estate agent cites

the case of a schoolteacher

Why more property owners do not follow suit remains a mystery

who was earning a mere £200 a month and whose family had for the past 50 years owned a two-bedroom flat in Neapean Sea Road, which has become one of the fashionable areas of

The schoolteacher sold the flat for \$2m, moved to the greener and more laid-back Pune, in the south of Maharashtra, and bought a substantial bungalow.

He still had enough money to set himself up as principal of a school and thus live in wealth for the rest of his life. Why more property owners

do not follow suit is a mystery. When I first stayed in Bombay, it was with a retired senior police officer who had a three-bedroom flat in the south of city. By western standards, the flat was modest. However, it was conservatively valued at

Asked why he did not sell up and enjoy his retirement elsewhere, the officer replied: "You get used to the lifestyle here. It would be hard to live anywhere else."

A good office is so hard to find

Continued from Page IV However, the suburbs can be impracticable because of traffic congestion. At peak times, it can take more than an hour to reach Nariman Point even from the nearest suburbs. Initially. Nariman Point was ruled out because of budget reasons. Although its 15-year buildings still fall well short of prestige in India there is no location to beat it.

949 S. S. S. S.

A GARAGE AND A

. . . .

garante de la companya de la company

of Monathan De

and the section is a section.

A later later disease

With office space costing at least Rs200 a sq ft, the 500 sq ft office we needed would cost about Rs100,000 a month. In addition, there would an upfront payment of at least one year's rent, a deposit of equivalent to six months' and two months' rent as commission for the real estate agents.

So the search went on through secondary locations around the city. Over four months, we must have seen 30 offices Some of them almost defied belief. They included a high coffin shaped room, somebody's cluttered front bedroom and one office that was fine except that it reeked of urine from the toilet next door. All these "offices" were priced at between £1,000 and £1,200 a

month. Other offices were rejected as too small. Although most offices we looked at were notionally 500 sq ft, in reality they varied remarkably. This is because of a flexible definition of rentable space in Bombay. In most buildings under 15 years, tenants pay for the carpet area - the actual floor

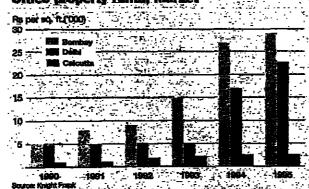
space - plus a percentage of cent more, with landlords taking into account such factors as garden area.

communal areas such as lifts. halls and walkways. This percentage can vary widely. The total "built up" area is usually about 20 per cent more than the carpet area but in new buildings it can be up to 50 per

the real occupation cost far 24-hour access, while one beyond the quoted rent. The loss of interest and foreign exchange risk on deposit

money alone can make a big difference to occupation costs. Almost invariably, the negotiations over such factors are protracted. One local real estate agent says landlords

have a tendency to nibble Office property rental market



This makes it difficult to assess relative value of different offices - a process already complicated by a plethora of variables. These include the amount of deposit and upfront rent, the extent of furnishings. the scope to install technology such as satellites and computers, the length of the lease, the requirement or not for a bank guarantee for the lease terms and whether the tenant pays

such outgoings as electricity and rates. Even the number of telephone lines can be significant and all these factors can push

Transferance and a adding such things as rates and electricity to the basic rent. "If they make enough of these nibbles, the whole terms of the deal can be totally

changed," he says. Time and time again, we came close to closing a deal only for it to fall through at the last minute over negotiations on the extras. Many landlords would agree to a deal and then suddenly make an unrealistic demand such as for a deposit equivalent to three years' rent. Other landlords agreed to a deal but refused

insisted on exorbitant rates for providing basic services such as telephone lines. Rental negotiations are not helped either by a wariness of landlords to rent out property. Even so, many landlords pre-

fer to lock up office space rather than take the risk of renting it out. Often landlords will require detailed financial information about a tenant and/or bank guarantees that they will leave a property at the end of the less

Eventually, after scouring secondary locations for four months, we turned back to Nariman Point

We chose an 500 sq ft office in Nariman Point with a carpet area of about 450 sq ft. The average rent on the two-year lease works out to Rs80,000 (£1,600) a month. We also paid six months' rent as deposit, 12 months' rent in advance and two months' rent as commission to the real estate agents.

However, even then the saga did not end. During the lengthy refurbishment of the office after the rental agree ment had been signed, the landlord partitioned off a huge swathe of the office and claimed it.

Part of this had been agreed. but the landlord went far beyond the original agreement. It took much negotiation to reclaim the space. And even then, the landlord ended up

Nevertheless, I am told we got a reasonable deal on the office. Nothing seems clear-cut in Bombay property deals.

Joining resources. For greater achievements.



RCF - a leading fertilizer and industrial chemical manufacturing organisation, operating some of the most profitable and environmentally friendly plants in India, further spreads its operations in the International arena.

RCF ties up with people striving for excellence the world over. It has the distinction of assisting in commissioning one of the biggest fertilizer plants in Bangladesh, It has assisted various international projects in China, South Africa and yet another in Togliati. It has completed two technical co-operation contracts in Algeria, training personnel in South Korea, Mauritius and Tanzania. RCF has also undertaken turnkey training of Asot Sanayil personnel and assisted in setting up training facilities in Ankara.

The recent Joint Venture with United Gulf Group Company - its first joint venture project ever since its inception in 1978, for setting up of a Machining and Equipment Accessories Manufacturing and Industrial Services Centre at Al-jubail in Saudi Arabia, now takes RCF's expertise to the Middle East.

The tie-up with the Oman Oil Company Ltd. for setting up of a world class fertilizer complex at Sur in Oman is a milestone in RCF's overseas joint ventures. RCF's joint venture Chemical complex at Al-Jubail is yet another feather in its cap, giving the confidence to strive for greater achievements.



Rashtriya Chemicals and Fertilizers Ltd. Friyadarshini, Eastern Express Highway, Sion, Bombay 400 022. India. Phone : 4092188.

In the service of agriculture and industry. In the service of agriculture and industry.



Out here are your plans. And a Company that knows to shape them. Impeccably.



Dodsal that is. Justifiably so. Since here is a Company firmly. entrenched at home as in 18 countries across 3 continents, with experience that stretches over 48 years. An important

construction, pipeline, infrastructure, dredging, detailed engineering, energy & transportation and machinery manufacturing. Clearly exemplified in Dodsal's technological monuments all over the globe. From the first pipeline in consideration while choosing a business portner. India to a mélange of projects for world - dass companies. Consider as well, the group's arsenal of personnel and equipment resources. Skills ranging from general contracting. It all ends with Dodsal emerging as an obvious choice. For any

to engineering to project management, in areas of plant major project, worldwide. (India) - Dodsal Limited: Plot No. 1, Utyog Nagar Batale, S.V. Road, Goregaon (West), Mumbal 400 062.

Tel: 091 -022 -875 6482 /8015 /16. Pax: 091 -022 - 8758012 /8013 /14. (Dubal) - Dodsal Pte. Itd.: P. O. Box
No. 8034, Dubai (U.A.E.). Tel:-009 -714 -667876. Fox:009 -714 -661276. (Germany) - Dodsal GMBH: No. 8034, Duca (Co.a.). Annual Co.a. (Co.a.) (

A refreshing experience

The investment was made after the rules were relaxed in the liberalisation measures of 1991

Foreign companies that are skittish about Maharashtra can take heart from Pensico's refreshing experience. Donning a blue-and-white Pepsi cap, Mr Manohar Joshi, the state's chief minister, recently inaugurated the soft drink giant's new canning and bottling lines at Roba, an industrial district located 100 miles from Bombay. Deliberately projecting a new, welcoming image and looking enthused as he took a sin from a chilled can. Mr Joshi promised all help to

Mr Joshi has good reason to be pleased. In the last five years, Pepsico India Holdings, the Indian subsidiary, has invested Rs2bn in two company-owned factories in Maharashtra which provide employment to 4,000 people.

This investment, the largest in any single state by Pepsi, represents one-fifth of the company's total investments of Rs10bn in the country. In addition to its own bottling facilities, it also has a franchise arrangement with a small. local bottler. Mr P.M. Sinha, Pepsico India's chairman says that both the state government and the bureaucracy have been strongly supportive. "This is a

place where you can hire high quality technical people. The work culture here is very good and we have no problems pushing out our delivery trucks at 6am every day," he

The new lines at Roha were set up in a record nine months since work began last September. Furthermore, most of the 475 workers employed by Pepsi at Roha have been recruited locally. The company also derives most of its raw materials and packaging worth Re350m annually from local suppliers in the state.

By the turn of the century. wants to invest an additional Rs3bn in Maharashtra. About half of this will be spent on setting up more bottling capacity to cater to thirsty markets like Bombay where demand for fizzy drinks is increasing at a pace that Pepsi cannot keep up with. Mr Sinha

says: "Our business has grown faster here than elsewhere and we've had 60 per cent growth year on year. But we continue to chase demand."

Pepsi's second factory is iocated at Chembur, a north Bombay suburb, which caters to the city market. Cans from the Roha factory are distributed in Bombay and Delhi, whereas bottles go to up country markets in the state; if sent to Bombay, they would attract an entry tax that would eat into margins.

The company wants to build third bottling unit for which it is negotiating to buy a 15acre site also in Chembur. This new huge factory, with a proposed capacity of 3,000 bottles per minute, will double Pensi's total annual capacity of 22m cases in Maharashtra and, more importantly, enable it to Bombay's booming meet



Position under challenge

Continued from Page I

Equally, there has been a general welcome for the government's stated objectives of opening up virtually all realms of infrastructure to private and foreign investment. Before the end of this year, the government hopes to have won competitive private tenders to build the long-delayed Bombay-Pune expressway, while also putting up for bid the first of seven smaller ports for private development.

There is also some scepticism that these projects will excite the sort of interest the government desires, notably in the roads sector. Basically,

however, there is a nagging feeling among contractors, bankers and others in business in the state that the government regards private sector investment in infrastructure as something of a panacea.

None disputes that the government has identified the correct priority for developing the state. Officials in the Maharashtra government say they increasingly take the view that better infrastructure is the single biggest inducement for investors, and that the state's emphasis should shift in this direction and away from the use of tax and other financial

The danger, many believe, is that the government might be seduced into believing that the private sector alone can shoulder the burden of infrastruc ture development. "I think they are running away from their responsibility," says Mr Pradeep Kapoor, managing director of Trafalgar House Construction India. "In semi-ignorance the government has been thinking that from now onwards the infrastructure can be created by the private sector. In my view, the infrastructure we can provide will be minimal - perhaps 5 or 10 per cent of the total investment

foreign investment were relaxed. When Pensi entered the country in 1990 under a stricter regime. It was bogged down by export commitments and restrictions on ownership. Pepsi started off in India as a three-way joint venture with

Pepsi's investment in Mahan

ashtra is recent and was made

after the economic liberalisa-

tion of 1991 when the rules for

Voltas, a Tata company and the Punjab Agro investment Corporation, a state-owned Consequently, company. Pepsi's initial investments were in the northern state of Punish where it established three factories - for soft drinks' concentrate, tomato paste and snack foods

Taking advantage of the new rules, Mr Sinha bought out the joint venture partners, converting the Indian company to a fully-owned subsidiary of Pepsico. Reluctant to invest more in the venture, Voltas agreed to sell both its equity stake as well as its bottling operations in Maharashtra and Guiarat for which it had the

Mr Sinha recalls that when they took over the Roha factory in early 1994 it was operating at half its capacity, the ks were in a rundown state and distribution was poor.

Pensi's market share at the time was 13 per cent and it was poor second to Parle, a privately-owned, local soft drinks manufacturer. Failing in his bid to acquire Parle, which sold its brands to Coca-Cola, Mr Sinha bought Dukes, another local manufacturer. thereby acquiring the bottling unit in Chembur.

Pepsi has since invested further in upgrading and modernising its bottling acquisitions. This has paid off, claims Mr Sinha, as Pepsi now has a 56 per cent market share in Bombay and overall market leadership in Maharashtra.

Building additional capacity will enable Pepsi to consolidate further its position as well as launch new products. The new factory will include a juice line with a capacity of 300 bottles ner minute. Mr Sinha savs that, by next summer. Pepsi will be introducing fruit juices such as mango, grape and strawberry for which it has begun to negotiate with local fruit pulp suppliers.

Film industry: by Shiraz Sidhva in Bombay

target for Hollywood

India has the world's keenest moviegoers, so the Americans want more of the action

Bombay, or Bollywood as it is known, is a regular dream chine, churning out nearly half of the 750 films made in India every year. Films made in Madras and Hyderabad in the southern Indian languages account for a larger segment of the industry, but Bombay produces the movies with the big budgets, the big stars, raking in the big bucks. Bollywood, which employs

over 500,000 people full-time, is the home of the formula film. They are made in Hindi, the national language, and are replete with song and dance routines, fist fights and family histrionics, heroes and hero-ines, vamps and villains. "People's lives are so bleak in our country, that they need a little dose of escapism, and what better than a Rs20 ticket to Nirvana?" says Ms Daksha Shetty, a Bombay University profess who has studied the Hindi film and its impact on society.

There is no doubt that Hindi films deliver large doses of escapism, glamour and comph for the price of peanuts. Besides boasting the biggest film industry in the world, India also has the largest movie audiences, with about 5bn paying customers a year. nearly four times the number of moviegoers in the US.

After a smart recovery from the relatively tardy onslaught of video and satellite television in the country five years ago, the Indian film industry is facing a fresh assault - from Hollvwood.

While Hollywood has a steellike grip on audiences in Europe, Latin America and even the Far East, where few films are produced. Indians have always watched Indian films. There is a small but dedicated audience for western movies, but the numbers account for nothing compared with the millions that flock to Indian language cinemas each week. The market is defined not by language alone, but by strong cultural affiliations. The sheer numbers were

boosted by a large export mar-



CONGRAND STRE-STUDDED FREMIERE. DUBINGON

ket that caters to expatriate Indian, Bangladeshi and Pakistani communities (the Hindi cinema transcends political and diplomatic tensions) in the mount, MGM and Universal

the Far Rast In 1994, following the reversal of a 20-year ban on the widespread distribution of foraign films in India, Hollywood hit Hindi-film turf with a dubbed version of Jurassic Park. There was no sex, no violence, no action of the kind that distinguishes Hindi cinema (the hero always knocks dead 50 thugs in five minutes to rescue the damsel in distress), and yet, the Spielberg blockbuster was a resounding

Middle East, Europe, US and

SUCCESS. year, muscleman Arnold Schwarzenegger, the gun-toting star of True Lies was spouting Hindi like a native. In a desperate attempt to cash in on the world's largest movie market. Hollywood has dubbed films like Babu's Day Out, Schindler's List, d. Aladdin and The Mask, with adequate success to keep the market flooded with

dubbed films. Jurassic Park in Hindi ran for 25 weeks and grossed \$6m but Walt Disney's animated yarn Speed had to be withdrawn in less than a month. In the big cities, where larger audiences frequent English films, the original versions

Films, says that Hollywood

films could carve out 10 per

may have competed with Hindi Mr Uday Kaushish, north India distributor for Para-

cent of the market in the next five years. But Mr Kamal Nahta, editor of a Bombay film trade journal disagrees. "We must realise that however good a western film may be, it cannot answer the cultural needs of Indians as easily as our films can. I am convinced that Jurassic Park did well only because of its novelty value, because it was the first English film people saw dubbed into Hindi," he says. "I don't see any of these dubbed films grossing the

> years, has so far." Mr Nahta points out that while films made in Bollywood may make foreign audiences shriek with derision, at home they are grossing more than

\$100m that Hum Aapke Hain

Koun (Who am I to you?), the

biggest Hindi blockbuster in 20

"While the cost of production" for even the most technically advanced films rarely crosses. RS50m box office takings for the best films have exceeded Rs1.5bn within a three-year period," he says. "And a good Hindi film never gets dated. Audiences return to see the same films over and over

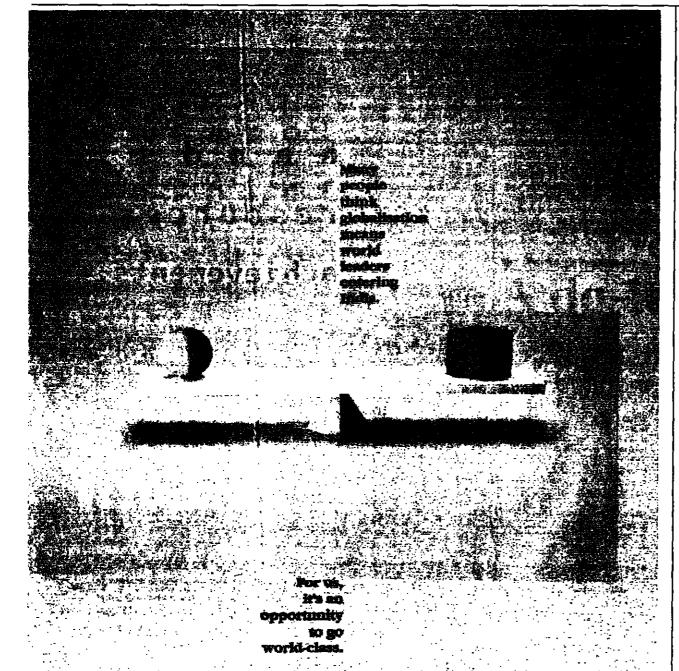
again. Add to that the sheer size of the movie-going public and the numbers are stagger-

The success on a Bomhav

film rests almost completely on the shoulders of the stars that are signed up. Which is why the top names in the business such as Mr Anil Kapo cannot possibly be matched by Hollywood actors and actresse however great," claims Mr Nahta Music is another great draw - song sequences are filmed and released even before the entire film is ready. Bombay's directors are not afraid of the Hollywood inva-sion, saying that Indian audiences want Indian cinema. Already, US investors have

made overtures in India to fund movie theatres and multiplexes, "Bombay has nearly 700 cinema halls but they are no good without the proper projection, without Dolby systems, and the Americans will have to invest in these areas if they want their films to compete with ours," says Mr Nahta. I cannot see Hollywood

films achieving a real grip on our market, at least for some time," says Mr Shyam Benegal, one of India's best-directors of the new cinema. "Americans know little or nothing about our culture, or what appeals to Indians. We have a lot to learn from them, but they have to learn from us too."



Spurred on by liberalisation. India's petrochemicals pioneer, NOCIL is gearing up to emerge as a US \$ 1.5 hillion petrochemicals conglomerate. With established spengths in a variety of spheres.

Exports to competitive, quality conscious global markets will soon leave behind the current US \$ 25 million record

Collaborations with KT1/Technip for Cracker technology: Himont-

Techimont for Polyethylene and Polypropylene. And with Buss for our to take on the world, sidestepping Elicxylation plant will turn our petrochemical complex into a state-of-the- that direction. an facility.

Our concerns however, extend way herond technology. To encompass health, the environment and eafety. In fact our safety record has won us the British Safety Council's prestigious 'Sword of Honour' award three times in four years.

After all when you're determined mainstream throught is the first step in





"My company being an international one, I tend to cover a lot of ground.

Which means, we need a support system that's worldwide.

That's why I opted for a general insurance company that's on the spot, wherever I go. New India, of course?

If you are one of those whose insurance needs span not only countries but continents... You need a company like New India Assurance to tum to.

Like others have... An export consignment of heavy machinery components sank off the coast of Japan. And within 15 days, a claim worth Rs. 7 crores

was settled. Yes. New India has a national and international

The largest network of over 1200 offices spanning

Over 24,000 people in the New India family...
The largest reservoir of experts to assess your insurance needs, evaluate damages, and help settle claims expeditiously...

All this adds up to a support system you can turn to... anywhere in the world. In addition, you can depend on the personal touch that comes free with every cover.

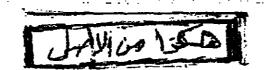
NEW INDIA ASSURANCE



New India Assurance Co. Ltd. Head Office: 87, M.G. Road, Fort, Mumbai - 400 (0)1, (INDIA).

India's largest non-life insurance company

Overseas Branches, Agencies & Associate Companies: Tokyo e Nagoya e Hiroshima e Okayama e Sapporo e Osaka e Gifu e Hong Kong e Mamia e Bangkoi e Sydney e Sava e Lautoka e Labora e Port Locis e London e Abu Dhah e Dubai e Bahram e Kuwan e Muscat e Al Khobar e Riyadh e Joddah e Anuba e Curaca e Port of Spain e San Fernando e Bridgetown e Rosea e Frectown e Monrovin



& Republic of K im emerging in by Savings Bu taleader in the incial market.

- 104 والمتناولين والسيم

wit T

Marine 113

KEY F

5 4

g: ---

F----

45.77

Age 7. C.

Œ.

3.7.27

χ.

With the conouth and a link morning (4) Dings bank office. Mices. There here it Mik chents and de la facilité The dynamic

mintained and conof the bank on my Ludsia: TODAY HALL . publiment () the country Sa kading w is the large of Wiles.

. g 3 p365 inter of the Republic Carry air gare in aretal trink inger F B tertian in the . द्यारक्षितः ए स्वात sectific boseit w enfector? AU62 104 FEB

i)urin; h_{27}

hy

4075

entry had

. .-----10 m

a de descrip

KAZAKHSTAN

Glow of prosperity amid the ashes

After the ravages of Soviet rule, the state now has the hope of stability. **Anthony Robinson** and Sander

Thoenes on its past, present and future

The re-election of Mr. Boris Yeltsin as president of Russia last week was greeted by a sigh of relief in Kazakhstan and other former colonies of the Soviet empire. The news was seen as further proof of the vitality of the democratic process in Russia. Above all, it signified that Moscow would not try to recreate the old Moscow-centric Union, as threatened by the communists. Instead, the new government, it is hoped, will press ahead with economic reforms that have already laid radioactive desert. the basis for a new, mutually profitable relationship with Kazakhstan and other former Soviet states. During 70 years of Soviet

rule Moscow treated Kazakhstan in much the same way as 18th century England treated Australia – as a penal colony, dumping ground and quarry. Stalin banished Leon Trotsky to internal exile here in the 1920s. The railways and mines were built mainly by prisoners sent to gulage hastily set up in the treeless steppe and barren deserts of this enormous country half the size of the US.

cotton farming.

used the central part of the

country for strategic nuclear

After intensive diplomatic

oegotiations with Washington,

Mr Nursultan Nazarbayev, the

former communist party first

secretary who has transformed

himself into Kazakhatan's pow-

erful executive president,

agreed to dismantle the bases

He has turned Kazakhstan into

a non-nuclear state, thereby

Moscow

aged country.

asing both Washington and

After all the activity that

was dictated by Moscow and

submitted to passively for

decades by the formerly

nomadic, Turkic speaking

Kazakhs, ethnic Russians and

a rich mix of other nationali-

ties. Kazakhstan emerged from

the wreckage of the Soviet

Empire as a poor, economically

lop-sided and ecologically rav-

On the plus side, however, the new "independent" Kaz-

infrastructure, a literate, edu-

storehouse of as yet unex-

Even so the country emerged

ploited natural resources.

The pace of industrialisation speeded up when Stalin fransferred factories from Nazithreatened western Russia and Ukraine during the war. At the start of the Cold War he closed off huge areas of eastern Kazakhstan around Seminalatinsk and turned it into a nuclear test centre. It is now a lethal

| Area | | | | 2,741 | so kn |
|--------------------------|-------------|-------------------|-------------|------------------|----------|
| Population. | | 1995 Describes | '' (15./10) | 1996F; | 18.50 |
| Cumancy | | L LOOK LOOK | Armorate | | . Lerica |
| Currency19 | 95 averso | e. \$1=61; | July 2.1 | 996: \$1 | -67.2i |
| | | - | | | |
| | | 1994 | | | 1997 |
| GDP (\$bri) | · | 18.7 | 16.5: | 16.5 | 18.0 |
| Real GDP growth (%) | | -25.0 | -8.9 | 0.0 | 1.5 |
| Industrial output (%) | | -28.0 | 7.9 | 2.0 | 4.0 |
| CP1 (%) | | | 180.0 | 50.0 | 35,0 |
| Jnemployment (%) | | 1;6 | - 24 | 3.0 | 3.0 |
| Ex. rate to US\$ (e.o.p) | | 30.0 | 60.D | 70.0 | 80.0 |
| Current account (% GC |)P) | N/A | ·-1.5 | 2.4 | 20 |
| Official reserves (US\$b | | 1.0 | 1.7 | 22 | - 27 |
| Fiscal helance (% GDF | | -6.5 | -4.0 | -40. | -3.0 |
| Gross external debt (% | GDP) | 10.5 | 18.5 | 18.1 | .185 |
| Mein trading partners | MC (DOE) | Emo | <u> </u> | ننة | ports |
| Justia Justia | (10100) | . 4 | | | 45.2 |
| Vetherlands | år g≠?r | | 3.5 | 10、10克 | 6.6 |
| Thina | strjitë e | | 5.1 | > - " | . 5.O |
| 3emany | | | 14 | | 4.4 |
| izbekistzin | | | 12 | verijā. | 3.0 |
| Other members of form | oe Brades I | | 1.7 | 4. A.T. | 16.4 |



An iron and steel works in Keraganda: foreign ownership is turning industries round

in December 1991. It was only admitted after strong protests from the president, terrified at being denied links with the country that took 90 per cent of Kazakhstan's output and supplied most of its oil and other needs. Broadening Kazakhstan's relationships with other countries has been a top priority since that traumatic moment.

Seen against this background, the very survival of this totally land-locked central Asian country, situated at the heart of the great Eurasian landmass, has to be judged something of a miracle.

But survive it has although the first five years of an initially unsought and unexpected "independence" akhstan began life with a good brought much suffering. Milbasic energy and transport lions of disorientated people lost their jobs, their income cated population, and a vast and their security. Their entire way of life as "Soviet man" was changed for ever, without anything recognisable to put in

blinking into the light of an its place. "independence" that remained Potentially, one of the richest countries in the world, heavily conditioned by ecoendowed by nature with worldnomic rellance on Russia. At the beginning, Moscow did not class deposits of oil, gas, coal, ferrous and non-ferrous metals even want to include Kazakhstan in the Slav-only version of and thousands of square miles the Commonwealth of Indepenof fertile grain and pasture dent States (CIS) created at land emerged from 70 years of Minsk, the capital of Belarus, Soviet rule to endure five years is pledged to bring inflation from the Karachaganak gas in to give this process momentury Central Asia.

of economic meltdown. Its down to single digits before the gross domestic product last year had sunk to a mere \$16bn-18bn - roughly \$1,000 per cap-

But the worst of the bad

end of the decade and to

strengthen the national cur-

In foreign policy, President Nazarbayev has played an

active and canny role. He is

very conscious of the geo-stra-

tegic constraints under which

Kazakhstan is placed by its

needs good relations with its

two most powerful neighbours,

Russia and China. They are

both large and fast-growing

They also control Kazakhstan's

markets in their own right.

Most important of all, years

line to be built by the Caspian

Pipeline Consortium (CPC).

rency, the tenge.

size and location.

wider world.

on the Bosphorus.

times is definitely over. A prosperous, secure future beckons. The turning point, in retrospect, was reached in the second half of 1994 when a new government headed by the prime minister, Mr Akhezhan Kazhegeldin, started to imple ment an IMF-monitored stabilisation plan that succeeded in killing hyper-inflation.

After a wobble last year, when the government undermined the confidence of foreign investors by interferring with an international tender for the sale of the giant Vasilkovskove gold mine, the goverrment has gone out of its way to attract and reassure foreign investors.

Bureaucracy, especially at the lower levels, remains a problem. But the government. with international help, has laid the foundations for a modern tax code, revised many laws to bring them into line with the needs of a market economy and encouraged bank reform and privatisation (see stories, page 4).

field and oil from the Tengiz oil fields through southern Russia to the port of Novoros-The first stage will have a

capacity of 15m tons a year. But if large quantities of oil are proven underneath the Casman sea, as expected, the region could be producing up to 60m tons of oil a year by the second decade of the 21st cen-

This would require both a higher capacity pipeline through Russia and agreement on a second and possibly third new pipeline through the Caucasus and Turkey to the east-Mediterranean and through fran to the Gulf.

ignificantly, the price of the CPC agreement, which unlocks the door to Kazakhstan's emergence as a leading energy supplier to western markets, was a deal that leaves the Russian government and two Russian oil companies, Lukoll and Rosneft, with a combined 44 per cent share in a pipeline. Construction, however, will be finance mainly by Chevron, Mobil, Agip and British Gas. Attention is now focused on

hopes of a similar breakthrough in the gas sector following Gazorom's decision to pull out of its partnership with British Gas and Agip in the Karachaganak gas project. Its share may be taken by Lukoil. Up to now, development of the Soviet-discovered gas field

in the far north west of the country has been blocked by Gazprom's refusal to let Kaz-To survive, Kazakhstan akh gas through to world markets or to pay world prices for gas which it needs to replace the ageing and depleted Orenburg deposits only 150kms further north. Big, capital intensive energy

main access routes to the projects such as these, along with ambitious gold and other To the west, a new 306km foreign-financed mining investrail link between Kazakhstan ments, promise to transform and Iran has opened up a new, the economy and boost govern-Trans-Asian route between the ment revenues. But they will Chinese port of Lyanyungan only come on stream in the on the Yellow Sea and Istanbul next century. Hopes for shorter term

improvements in the economy of often difficult negotiations hinge on the privatisation of with Moscow paid off three the Soviet-era behemoths, the months ago with an agreement development of private trade and the emergence of smallbetween Russia. Kazakhstan and Oman. This opened the and medium-sized private manway for a new 750km-long oilufacturing and service compapipeline. By the turn of the nies both to provide good qualcentury, the new \$1.5bn pipeity consumer goods and to create iobs.

Investors from Russia, Israel,

IN THIS SURVEY



Toxic shocks: the effects on the people of decades of pollution and nuclear testing

view with the principal architect of the 'new' Kazakhstan. the president, Mr Nursultan Nazarbayev

Diary of deals: the billiondollar investments agreed with covernments and international companies so far this year

Ore-inspiring; a look at the progress being made in the excavation of the country's huge natural resources

 Journey to the centre of the earth: Kazakhstan is at the heart of the east-west rail net-

work. What needs to be done to develop infrastructure further

tum. Industrial output is officially forecast to rise only 2 per cent this year and the economy as a whole is expected to show zero growth after five years of steep decline.

But a 250 per cent increase in monthly production realised by the Indian-owned Ispat-Karmet steel complex near Karaganda only six months after privatisation, and the revitalisation of moribund iron and coal mines and ferro-alloy plants by the Russian/Israeli Trans-World Group, indicates that output and exports could rise much more sharply than forecast.

Agriculture also gives cause for optimism; if weather conditions remain favourable in July, a bumper grain harvest of around 15m tons, with 3.5m available for export, is a strong possibility.

The "feel-good" factor is not yet experienced by millions of ordinary people whose life remains hard. But the economy is definitely on the move, the markets and shops are lively and well stocked, inflation is relatively low and declining - massive foreign investments are starting to get underway. With luck and steady perves Kazakhstan could be on its way to becom-An independent central bank will transport gas condensate India and Korea have stepped ing the El Dorado of 21st cen-

The Republic of Kazakstan is a new emerging market. Halyk Savings Bank of Kazakstan is a leader in the Kazak financial market.

With over 2000 branches (affiliates) in the country and a large pool of highly qualified staff numbering 14.2 thousand professionals, Halyk savings bank offers a wide spectrum of banking services.

There are 10 million deposit accounts of private clients and 40 corporate accounts of in

The dynamic growth of the bank in 1995 maintained and consolidated the leading position of the bank in major the financial markets of Kazakstan.

TODAY HALYK SAVINGS BANK: - keeps more than a half of all private deposits in

the country - is a leading securities dealer in Kazakstan - is the largest seller of credits in the interbank

market - is a bank intermediary of the Ministry of Finance of the Republic of Kazakstan for

- currying out pension and benefits payments - accumulating compulsory medical insurance fund resources _ is a bank intermediary for Government of

Kazakstan in mass privatization program - extends credits to non-ferrous metallurgy. electric power and oil-extracting industry enterprises

- serves and supports foreign trade activities

During 1995 assets have increased by 4,7 times, and capital by 3 times.

HALYK SAVENGS I

Balance Sheet

| Q) | December 31 | |
|------|---|---|
| 6 | Assets | KZT'000 |
| 1 7 | Cash and balance with National Bank of the Republic of Kazakstan Loans and advances to banks less | 1,033,985 |
| f fc | allowance for loan losses Debt securities Loans and advances to customers | 13,616,186 5,354,991 |
| noa | less allowance for loan losses Investments Fixed assets less accumulated depreciation Other assets | 2,481,653 39,566 1,783,050 444,439 |
| 0 | Total assets | 24,753,870 |

Liabilities, share capital and reserves Deposits from banks and credit institutions 41,474 Customer accounts 22,093,484 Other Liabilities 945,555

Share capital and reserves Share capital 762,515 Reserves 910,842

Total liabilities, share capital and reserves

Excerpt from the Annual Report for 1995

HALYK SAVINGS BANK OF KAZAKSTAN:

Republic of Kazakstan, 480083,

Almary, Masanchy Str., 26

Tel.: (3272) 509991

Fax: (3272) 679738

Telex: 251531

- plans further expansion of its activities - plans to establish a subsidiary investment

bank - is involved in project designing and project

- varies its international activities: trade and commodity finance, corporate finance, For EX operations, operations with precious

is expanding its operations in the securities

increases financing of import replacing

productions in Kazakstan

- introduces original credit cards in Kazakstan

 is improving its payment system, expands its use of technology

Baloitta &

24,753,870

The Annual Report for 1995 has been audited by Deloitte & Touche according to International Accounting Standards (IAS).

We at Halyk Bank seek to build longterm relations with our business partners and clients. We strive to develop new forms of cooperation.

Jown, on the farm?

There are hopes that the dismal Kazakh farming record could be being reversed

Opening up the "Virgin Lands" of northern Kazakhstan for grain cultivation in the early 1960s was the Soviet equivalent of ploughing up the North American prairies.

In America, hardy pioneers built private family farms and cattle ranches on the free or cheap land forcibly expropri-

In Kazakhstan the decision to plough up the virgin steppelands was taken by the communist party politburo headed by Nikita Khrushchev and those displaced were nomadic Kazakhs who lived in easily transportable "yurts", or circular tents.

The virgin lands programme was aimed at raising the quantity and the security of the Soviet grain harvest and increasing the supply of meat. However, it was poorly planned and executed with total disregard for the welfare of the people involved. Thou-sands of "volunteers", many of them young students, were sent by the trainload and dropped off at points in the endless steppeland that was to be the site of vast new collec-

tive and state farms. Frequent droughts, the short, five months maximum. growing season, the unexpectedly rapid decline in natural fertility and the need to apply large quantities of agroche cals meant that the virgin lands never fulfilled the high expectations of cheap and dant meat and grain. The Soviet Union was forced to import increasing quantities of grain and meat for hard currency.

But the main difficulty, even when the teething problems were overcome and billions of extra roubles were thrown at the new collective and state farms, was always the huge wastage and poor distribution

Every year, a high proportion of the crop either rotted in the fields, fell off the back of trucks bumping over rutted rats and birds in grain denots

First jomt venture bank in

KAZKOMMERTS-

ZIRAAT

INTERNATIONAL BANK

(KZI)

Kazkommertsbank and

Zirant Bankası, Türkey

Officially, things have got worse since the Soviet system collapsed. The collective farms no longer receive seed, fertilisers or combine harvesters from the state: collective farmers, who used to be paid a regular salary like industrial

workers, have not been paid for four years; the state no longer carts away the grain and mest. The collective farms are wailing. Yet, strangely, there has never been more food in the

exuberant, well-stocked private markets and privatised shops of Almaty and other towns. Food prices are out of the reach of many pensioners and the new poor who used to get cheap basic food - provided they were prepared to queue for hours. Much of the fruit and other food products comes from neighbouring Uzbekistan, brought by private traders who were forbid-

A bumper grain harvest of about 20m tons is

den to cross state boundaries under the Soviet regime. But the market system is, often

being forecast

chaotically, taking root. Last year a severe drought pushed the grain harvest down to around 9m tons. This year, the snow lingered late and much of the grain-growing area, which extends from around 80kms north of Karaganda into southern Siberia, had good rainfall. Moisture levels are high and the grass. grazed by big herds of sheep

and well-fed looking cattle, is lush as far as the eye can see. The government is officially forecasting a bumper grain harvest of around 20m tons, but it will not be possible to judge the output accurately until late July. A hot, dry July without rain, or an early wet autumn could still dash hopes.

Western grain traders also caution that after five years of little or no pesticide or fertiliser application, the country will be lucky to get 15m tons, even if weather conditions remain favourable.

"At present the agricultural sector produces around \$4bn a They're great," he adds.

GDP. With modern methods and better infrastructure. Kazakhstan could easily produce 20m tons of grain a year." says Mr Ben Benichi, a US grain trader. "At present, yields are around one ton per hectar pared with the EU average of 3.5 tons. If Kazakhstan got up to half of EU levels, which is quite possible, it could pro-

duce 25m tons of wheat lone," he adds. Mr Benichi runs Cargill-Dan, a joint venture between the US-based commodity trader and a local Kazakh company owned by a previous agricul-

John Deere, New Holland and other agricultural equipment makers are trying to modern, efficient agricultural machinery. Thus for they have been frustrated by lack of most collective farms. But last month the government announced that it was buying 1,000 new combine harvester from Russia in exchange for future grain deliveries.

The new private banks are trying to find ways of increas ing the liquidity of the cashstarved farm system, but at present traders such as Cargill are the main catalysts for change in the sector.

*Our business is buving Kazakh wheat and barley from siles here for export. We are also looking at ways of importing vegetable oil and white sugar, which used to come mainly from Ukraine," Mr Benichi says.

Earlier this year, Cargill also bought a 60,000 capacity grain silo at Surgai from a privatised collective farm. It is offering to provide diesel fuel and other inputs in return for supplies of grain from local farms at pre-agreed terms.

We're providing a service and introducing the cash economy. But we insist on faifilment of contract terms. That's a new concept around here." says Mr Benichl. We've been very impress

by the 'can-do' attitude of the people at the sile. They've had to make do and improvise for decades. We asked them to come up with chesp, effective ideas to improve the silo's

Pollution from nuclear testing and cotton farming has created a huge

health problem

Contempt for the health of people and the environment from both its Soviet rulers and the Chinese communist regime has left several large areas of the newly independent Kazakh republic with a terrible ecologi-

cal legacy.
Thousands of hectares around the former nuclear arms testing ground of Semipalatinsk in north-east Kazakhstan will remain dangerously irradiated for centuries. Fallout from the Chinese nuclear testing site at Lop Nor only 1,200kms from Almaty has often drifted across the Tien Shan mountains and over the Kazakh capital.

The other main ecological disaster is the destruction of the formerly fish-rich Aral Sea. in the centre of this enormous country. The ancient sea has shrunk to half its former size. exposing the thick layers of salt on what used to be part of its bed to erosion and fierce

The root cause is the dam ming of the Amu Darya and Syr Darya rivers, which once fed the sea with fresh water from the mountains to the south. They were diverted in Soviet times to provide irrigation for monocultural cotton farming, which pollutes the remaining trickle of water with agricultural chemicals.

The heavy use of agro-chemicals in Soviet times, now discontinued for lack of funds has polluted many rural regions. The strong concentration of heavily polluting ferrous and especially non-ferrous mining and smelting in eastern Kazakhstan has also polluted water supplies and the air in the republic's extensive industrial and mining areas.

Recent research by Dr Alma

instignainfed securing

GLOBAL-

KAZKOMMERTS

SECURITIES

Aknoba of the Geographic Institute of Kazakhstan revealed high concentrations of lead and cadmitum in the vital organs of residents of eastern Kazakhstan. Dr Aknoba found that lead levels were between two and 32 times higher than those in a control group in Almaty, while cad-



Road to ruin...cotton pickers on route to work. Agrochemicals used in farming have possoned water

times higher. The highest concentrations were in fast-growing teenagers. Pollution at rise in cancers, still births and

The plight of people living in the two main ecological disaster areas is desperate.

In the Aral sea region around Aktyubinsk 90 per cent of children suffer from pollution-related illnesses and twothirds are victims of three or more pathological conditions principally respiratory, neuroicgical and developmental disorders. Half the children suffer from anaemia while 68 per cent have excessive salt in their bodies from the age of three months. People all around the dried-up areas of the sea also suffer from a high level of allergic reactions.

Infant mortality levels continue to rise, exacerbated not only by ecological conditions but also by lack of medicine

and health care and the collapse of the social organisations that provided cheap milk and other essential foods. The state has been unable to shoulder the cost of services theoretically transferred from institutions of the old Soviet regime. Medicines, formerly supplied free or at nominal cost, are now only available to those able to pay the high prices for smuggied drugs.

But the worst pathologies are to be found in the Semipalatinsk region, where for more than 40 years the Soviet regime carried out atmospheric and underground nuclear tests, deliberately exposing local residents to high levels of nuclear fall-out over long periods. From 1949 to 1963 some 124

atmospheric explosions were carried out at Semipalatinak. followed by 343 underground explosions until 1989, some of which also resulted in accideninto the atmosphere and the

The Soviet president Mr Mik-hail Gorbachev stopped all testing in 1989. In the last years of perestroiks a widely popular anti-nuclear move ment called Nevada-Semipalatinsk emerged. In 1991 the Kazakh president. Mr Nursultan Nazarbayev, who was born in the region, issued a decree

But the legacy for the millions of people living in the test range area, which includes parts of the relatively heavily populated Semipalatinsk, Karaganda and Pavlodar regions, is much worse even than for the survivors of Hiroshima and Nagasaki.

closing the testing grounds for

The victims of the atom bomb attacks on the two Japa nese cities at the end of the second world war suffered one single dose of gamma radiation. The victims of decades of suffered both repeated doses of

gamma radiation and chronic and continuing internal radiation due to the contamination of the food and water they eat and drink and the air they breatha.

In the regions surrounding the test site every third child is born dead or with serious men tal and physical defects. More than 80 per cent of children are expected to develop various pathologies during their shortened lives. Between 1980 and 1989 the number of cases of severe anaemia also grew over six-fold. More and more children are suffering from the malignant tumours that are killing a rapidly-growing pro-

portion of adults. Cancer deaths in Semipala tinsk oblast rose seven-fold between 1975-85, mostly from tumours in the digestive organs, while 50 per cent of the population suffered from damage to their immune systems and 86 per cent from blood abnormalities.

Coping with a health and environmental problem of this scale is way beyond the current resources of a cashstrapped government struggling to maintain macro-economic stability and to attract the foreign investment needed to exploit the country's vast resource base in a profitable and environmentally-sensitive

But, as the nation's wealth increases, tackling the health and experiential traumas of the worst victims of the Soviet years is expected to move smartly up the list of government priorities.

-1.0

20 m 11 317

1.1

16

سرح

⊅

40.00

ATT.

ت يەمھا

(merson)

the string.

110

In the second

The return of the natives

The combination of Stalimist repression, famine and forcible transfer of populations has dramatically changed the ethnic mix of Kazakhstan. According to the Tsarist

census of 1897, some 8.4m Kazakhs then made up 82 per cent of the population. In the 1980s around 1.5m to 2.5m Kazakhs died from hunger. purges and exile to Siberia and elsewhere. By 1937 the number of Kazakhs living in their homeland had fallen to 2.18m. or 43 per cent.

Hundreds of thousands more were killed serving in the Red Army during the war, while Tartars, Volga Germans, Chechens, Koreans, Poles and other "suspect" peoples were transferred en sse, under the supervision of the secret police, to internal exile in Kazakhstan Many were drafted in to

rebuild and staff the hun- the higher natural birth rate dreds of enterprises that were hastily dismantled and transferred to Kazakhstan and Siberia from the western parts of the Soviet Union to prevent them falling into Nazi hands at the start of the second world war.

Russians and Ukrainians were sent to man the new mines, steel works, refineries and other industrial plants set up after the war and to plough up the fertile but arid akhstan.

lation while ethnic Russians constituted 43 per cent and held most of the key party, government, administrative and managerial positions.

From then on, the balance began to shift back thanks to

of the Kazakhs, and the subquent emigration of thousands of ethnic Germans. Many Slavs have meanwhile quietly returned to Russia. Ukraine and elsewhere following the disintegration of the Soviet Union.

In the 1950s millions more Today, native Kazakhs account for over 45 per cent of the population and may constitute the majority by the Normal political control moved back into Kazakh

hands in the early 1960s, with the appointment of Dinmu-By 1959 Kazakhs made up khamed Kunayev as the republic's communist party only 30 per cent of the popufirst secretary by Nikita Khrushchev, Stalin's successor. Most key posts remained in Slav hands, however.

Kunayev became one of the lew non-Slav members of the Moscow-based politburo.

When he died in 1986 Mr Mik hail Gorbachev, the new Soviet leader, replaced him with Mr Gennady Kolbin, an 🕍 ethnic Russian, Within days of the terse announcement the capital, then called Alma Ata, was convulsed by the first of the ethnic revolts to shake the foundations of the multi-ethnic Soviet state. "I walked to work over

blood-stained snow after three days of violent repres sion by Russian soldiers who were flown in from Chelyathe locally-based troops," says a Kazakh eyewitness to not turn up for work on those days was questioned by the KGB and Kazakhs were looked on as traiturs. In those three days, I discovered the real nature of Soviet power."



Trans-World Group

Investing....

Performing....

Succeeding...

in **KAZAKSTAN**

...Make it. We are here to help.

1995 Euromoney Award

Best Local Bank Central Asia & Transcaucasus

Everything starts from the first step...

ABN AMRO BANK

KAZAKSTAN

ABN AMRO Bank.

In the last few years Kazkommertsbank has become a reliable partner for many international companies and financial institutions entering the new market of Kazakstan.

- · Advising the Government on privatisation of Yuzhnestegas, Aktobenest and Shimkent refinery oil enterprises together with Price Waterhouse and Merill Lynch
- · Advising the Government on privatisation of Mangistaumunaigas, Embamunaigas and other oil and gas industries together with Banque Paribas
- . Successful privatisation of Kazaktelecom, national telecommunication operator
- Restructuring Kazakstan Airlines together with SH&E
- Managing and restructuring lead and zine industries

49 Baiseyitova St. 480013 Almaty Republic of Kazakhstan Tel. 7 (3272) 638553, Fax 7 (3272) 638571 Telex 251304 TIMUR SU

ALMATY 15 Lawyers and Paralegals providing a full range of services oughout the Central Asian and Transcancasian Republics.

BAKER & M'KENZIE

THE INTERNATIONAL LAW FIRM

8th floor, 155 Abai Avenue Tel: (7-3272) 50-99-45 / 50-63-71 (7-327) 581 - 14-47/8/9 Fax: (7-3272) 50-95-79 e-mail: almaty.info@bakemet.com Partner: Michael Wilson

Actively involved in: tions, Corporate, Commercial Tex. Mining and Natural Resource Projects, Power Projects, Intellectual Property,

LARGEST CENTRAL EUROPEAN & CIS PRACTICE - 30 YEARS EXPERIENCE IN THE REGION BUDAPEST Andrassy-ut, 125 H-1062 Budapest, Hungary Tel: (36-1) 251-5777 Fax: (36-1) 342-0513

Partners: Peter Patint Magyar, Dr. Japos Martonyl, Dr. Geza Kajtar WARSAW al.Diuga 26/28 00-238 Warsew, Poland Tel: (48-22) 635-3521

Fax: (48-22) 635-9447

Parmers: Jur Gruszczynski, Tomasz Z. Ujejski PRAGUE Praha City Center Klimentaka 46, 110 02 Pragne 1 Tel: (42-2) 2185-5001 Fax: (42-2) 2185-5055 Parmers: John P. Hewko, Dr. Martin Radvan

Bolskoi Strochenovsky Pereulok 22/25 113054 Moscow, Russia Tel: (7-095) 230-6036 Fax: (7-095) 230-6047 Partners: William F. Atkin. Paul J. Melling, Carol Patterson KYIV Pankiyaka 5, Fifth Floor Kyiv 252033, Ukraine Tel: (380-44)-244-2964 Pac (380-44) 223-6184 Partners: Peter Almeroth, Borys Y. Dackiw ST. PETERSBURG Bolshaya Morskaya, 57 190000 St. Petersburg, Russia Tel: (7-812) 325-8308

Peac (7-812) 325-6013

Partner: Arthur George



At last, the hope of a secure future

Macro-economic stability and new foreign investment could end years of privation.

The world is full of potentially rich countries, and that is the category to which Kazakhstan firmly belonged during 70 years of Moscow-centric, Soviet rule. Now, only five traumatic years since the disintegration of the Soviet empire, the Kazakh economy appears to be on the verge of a prosperity unlike anything else it has experi-

Under Soviet rule, Kazakh-stan was transformed from a country of nomadic farmers on the fringes of Czarist Russia into a land of state and collective farms, mines and metallurgical and defence plants knit-ted together by 14,000kms of mainline railways.

Decades of geological exploration revealed some of the world's richest deposits of oil and gas, coal, and ferrous as well as non-ferrous metals, including some of the richest gold and uranium fields.

1.5

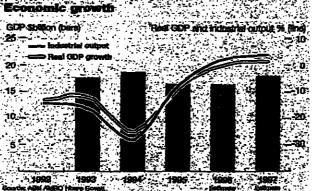
ga (g. 12)

*SECULORING OF

But under the wasteful, centralised and increasingly militarised Soviet system, Kazakhstan remained essentially a gigantic farm, quarry and producer of basic fron and steel products. These were transported to Russia and other more industrialised Soviet republics for downstream pro-

Above all, the Soviet Union's perennial shortage of capital and relatively low technological level (apart from in the military sphere) meant that it was never able to build the oil and gas wells and gold mines needed to exploit the region's resource base fully. The central planners did not create a climate for consumer and other light industries, which were woefully under-developed throughout the Soviet empire.

This lop-sided economic evelopment meant that Kazakhstan initially suffered cruelly from the disintegration of the Soviet Union and the collapse in inter-republican and Comecon trade that followed the abolition of the transferable rouble and central plan-



inability of the Soviet system to exploit the resource base-fully means that world class gas and oil deposits in the far west of the country around and under the Caspian sea, and the rich gold and other deposits scattered around the country, have attracted the attention of some of the world's biggest multinational energy and mineral companies. These companies are capable of exploiting these resources in efficient, ecologically-sensitive ways

The details of the biggest resource-based investments are to be found on pages 4 and 5 in projects.

that will create a stream of

wealth for them - and for the

government and people of Kaz-

this survey. The concern of the government is that the billions of dollars expected to flow into jects in remote areas of the country will create relatively few jobs for Kazakhs and will only start generating wealth by the first decade of the next

In the meantime, the priority over the past 18 months has been to put in place the legal and institutional framework for a market economy and create macro-economic stability after two years of hyper-inflation and bungling by inexperi-enced economic policy makers that un-nerved foreign investors in gold and other resource

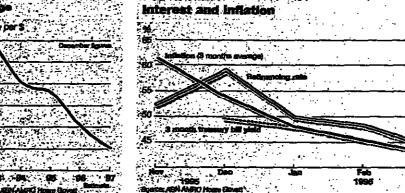
| 7710363 |
|--|
| |
| TO THE PARTY OF THE PARTY OF |
| |
| 80 |
| |
| 90 |
| |
| Control of the second |
| 1993 94 95 96 97 |
| A Company of the Comp |
| Schings ARM AMPIC House Govern |
| Solings ASN AMPIG House Govern |
| Schine JEN AMIC Hours Gover |
| Tight, IMF-monitored mone- |
| tary and fiscal policies were |
| tary and fiscal policies were introduced half way through |
| tary and fiscal policies were |
| tary and fiscal policies were introduced half way through |
| tary and fiscal policies were introduced half way through 1994. Inflation fell from 1,880 per cent in 1994 to 180 per cent |
| tary and fiscal policies were introduced half way through 1994. Inflation fell from 1,880 per cent in 1994 to 180 per cent last year, with the prospect of |
| tary and fiscal policies were introduced half way through 1994. Inflation fell from 1,880 per cent in 1994 to 180 per cent |

end. Industrial pr expected to show an increase of around 2 per cent this year. From now on, the economy should start to show steady erowth. Official optimism may well understate the speed of the

recovery, which is underway in significant areas of the econ-

| External trade (US\$m) | | | | | |
|------------------------|---------|--------|--------------------|----------------------|------------------|
| | 1995 | Q1 95 | Q2 95 | Q3 95 | Q4 95 |
| Current account | -218 | -246 | 0 | 73 | ~46 |
| Trade balance | -28 | -214 | 75 | 112 | -1 |
| Exports, FOB | 5,198 | 835 | 1,306 | 1,683 | 1,375 |
| Imports, FOB | -5,226 | -1,049 | -1,230 | -1,571 | -1,376 |
| Service balance | · -99 | -22 | -37 | -33 | -8 |
| Interest income | -151 | -25 | -50 | -27 | -49 |
| Current transfers | 59 | 15 | 12 | 20 | 12 |
| Capital account | -379 | -7 | -35 | -133 | -205 |
| Capital transfers | -652 | -183 | -182 | -173 | -115 |
| Direct Investments | 680 | 135 | 153 | 159 | 214 |
| Other Investments | 528 | 165 | 95 | 168 | 100 |
| Other capital | 914 |] -123 | -101 | -286 | -404 |
| Errors and omissions | 212 | 211 | -153 | -80 | 234 |
| Change in reserves | 385 | 42 | 187 | 140 | 17 |
| | | Source | National Bank of h | Cozali hatan (ABN-AM | FIO Hours Govett |

| External debt (\$m) | | | | | | | |
|-------------------------|------|-------|-------|-------|-------|-------|-------|
| | | 1992A | 1993A | 1994A | 1995A | 1996F | 1997F |
| Foreign debt· | 7 | 35 | 1,200 | 1,970 | 3,060 | 3,000 | 3,300 |
| Debt service | ٠, (| ß | 125 | 205 | 300 | 303 | 363 |
| GDP | | N/A | 17.7 | 18.7 | 16.5 | 18.1 | 18.0 |
| Ratios | 1 | | ľ | | ĺ | | [|
| Debt-to-GDP (%) | 1 | N/A . | 6.8 | 10.5 | 18.5 | 18.1 | 18.4 |
| Debt-service-to-GDP (%) | - 1 | N/A | 0.7 | 1.1 | 1.8 | 1.8 | 2.0 |



nal debt at around The phage in out kets in 1991 has

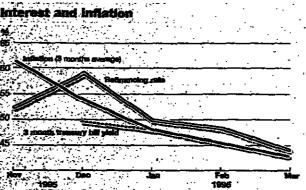
| itored mone- | omy. For example, severa |
|-----------------|----------------------------|
| olicies were | Soviet-era metallurgical r |
| way through | that have recently been so |
| 1 from 1.880 | private investors have |
| 180 per cent | tered spectacular increas |
| e prospect of | output and exports over |
| to between | last six months. At the |
| year, Exter- | time, mine output has |
| 1 \$3bn is low. | boosted and the revenue |
| tout that fol- | cash-strapped railway sy |
| Soviet mar- | incressed. |
| come to an | The Karaganda Metallur |
| | |
| roduction is | Combinat (Karmet), the |
| | |

try's only integrated steel plant was only producing 100,000 tons a month at the end of last year, and 90 per cent of its output was sold for barter. This left the plant unable to pay either its workers or its suppliers. But, in November, it was sold to the London-based, Indian-owned Ispat steel group. By May the new owners had boosted output to 250,000 tons a month, all of which was sold for cash, and over 90 per cent. worth around \$55m, was exported.

Kick-starting the existing economic structure back into life on a more rational, cash not barter basis, appears to have created the start of a virtuous cycle of growth. It has also established a new basis for a resumption of trade with Russia and the rest of the world.

By trading on a barter basis, Soviet-era companies were able to keep their plants ticking over. But barter starved enterprises of cash and working capital. They were unable to pay suppliers or workers and totally incapable of new investment or anything but the most minimal care and mainte-

But with new foreign owners such as London-based Ispat,



Trans-World and Eurasiabank, and other companies, such as Samsung of Korea, now in charge, the mines and metallurgical plants are paying cash for goods and services and exporting a high proportion of

In this way, they are ensuring the rapid development of a "normal" economy with a built-in multiplier effect as workers spend their back-pay and suppliers of goods and services, including the cashstrapped railways, start repaying their debts and making modest investments.

Reducing the estimated \$10bn overhang of inter-enterprise debt is one of the priorities of the central bank. Its other main objective is to ensure that the billions of dollars now starting to flow in for the big new resource development projects do not lead to an inflationary surge in money supply again. We are prepared to sterilise

excess money if necessary and we are also in favour of keeping a flexible exchange rate regime," says Mr Uraz Dzhandosov, president of the National Bank of Kazakhstan. But international bankers still worry that a surge of for-

eign capital into government coffers could well reduce the pressure to complete the tax and other reforms needed to reverse a decline in state revenues and put state finances on an even keel But tehnical worries like

these are a far cry from the dilemmas faced by economic policy makers over the last five years. The economy is on the move. The only real question now is how far and how fast it INTERVIEW The president

Trust of people key to reform

It is a few days before his a three-year mid-term eco-56th birthday, on July 6, and Mr Nursultan Nazarbayev, Kazakhstan's first president, is looking back on a good year. In the previous three months alone his government has signed nearly a dozen contracts worth between \$200m and \$1.5bn each. "Why have so many come

now and not earlier?" he asks himself, sitting on the tip of a chair in his mahogany office as if in a hurry to go back to work. "Little time has passed since Kazakhstan became au independent state and many foreign companies used to take a wait-and-see attitude, watching how others were doing. The main thing is that big companies came to Kazakhstan and have started to work successfully. That attracts others.

"Last year, we adopted 130 market-oriented laws. Foreign investors especially responded well to the foreign investment law, the law on mineral resources, the law on oil, the law on mortgages, and the tax code that was adopted by Kazakhstan. It has no equal in the CIS and gives clear guarantees to foreign investments on repatriation of the profits," he continues, but then adds quickly: "That's not enough. The Supreme Economic Council of the president works on preparing documents that should improve the tax climate, with tax holidays and

exemptions." Turning to the state of the domestic economy, the president says: "Kazakhstan, like other post-Soviet states, has only just reached macro-economic stabilisation. In 1994 we had 1260 per cent inflation, last year it was 60 per cent, this year we plan for 30 per cent. Next year, we hope for 9 to 12 per cent, and in 1998 we need have 2 or 3 per cent inflation to function like any normal capitalist state. These are hard targets to

reach. In such conditions, the government carries a heavy burden. Last year I approved

nomic programme. It calls for raising people's average income by two and a half times, higher pensions, a 2 or 3 per cent rise in annual output starting 1997, a stable national currency, an increase in the gold reserves, a rise in Gross National Product each year. We have to give the cabinet the chance



to fulfil that programme." Asked what worries him before he goes to bed at night, Mr Nazarbavev nauses for only a second. "We need to improve the lives of the people of Kazakhstan faster. If we don't do that quickly the population may get fed up. Those investments that came to Kazakhstan - \$2.5bn in the past two years, \$5bn in the past five years - they went to capital-intensive projects which will only bear fruit in three to four years. The Caspian Pipeline Consortium contract greatly enhances the potential of Kazakhstan. Last year for the first time, exports exceeded imports. All that enables me to make an optimistic prediction that we are close to really improving the lives of my people. The faster we improve the lives of the people, the more they trust in our reforms. And that will provide strength to our

Sander Thoenes

Politics and foreign policy: by Sander Thoenes

Tough at home, tactful away

The president has strengthened his own role without alienating his

In June, the Kazakh parliament tried to wield the only power it had left - the power to vote down laws. The Mazhilis, the lower house of a parliament that was elected last year, rejected a draft law that would have raised the retirement age by three years. But the government of the prime minister. Mr Akezhan Azznegeldin, re-submitted the bill and put it to a vote of confidence. A rejection would have forced the president, Mr Nursultan Nazarhavan to Ale Kazhegeldin, re-submitted the miss the cabinet or dissolve

Mr Nazarbayev has twice faced an unfriendly parliament, and has twice managed to get it replaced, each time with fewer powers and a greater number of presidential loyalists. This time, he backed his prime minister. Parliament voted 76 to 29 to approve the bill. "They didn't vote for Kazhegeldin. They voted to keep their job," one Western diplomat says. "It was a game. The parliamentarians just wanted to show they existed."

The vote illustrates the formidable power Mr Nazarbayev has amassed in recent years, mainly at parliament's expense. Even the Communist Party, Kazakhstan's largest movement, with a claimed membership of 48,000, poses little of a threat to his rule. When the government objected to the party's statutes, which still called for a dictatorship of the proletariat, the Communists quietly obliged by delet-

ing the controversial phrases. His tough stance with the opposition has brought Mr Nazarbayev criticism from Western politicians but praise from Western business executives in Almaty. Investors point to the political stability in Kazakhstan, and at the more than 100 laws, many designed to attract foreign in restment, that Mr Nazar-b. Yev pushed through while there was no parliament last year. (The previous parliament, by contrast, adopted only seven laws in one year.) Mr Nazarbayev says his people simply lack the tradition of organised opposition that, in neighbouring Russia, gave rise to a powerful Communist

There are over 40 parties and movements here," he says. "But Russia is Europe and we are the East. Our people see what problems there are in the countries surrounding us. We... have convinced people that for economic reforms to succeed, so that people will live better, we need peace and quiet, politi-cal stability and inter-ethnic accord. In the beginning, I had to create all the parties by myself I set up the Socialist Party, I set up the People's Congress, I created the Union of National Unity," he says, allowing himself to chuckle like a schoolboy who has managed to get away with cribbing. "There was no practice, no tra-dition. For hundreds of years we lived in totalitarian conditions, and in three, four, five

In preventing unrest among 'For hundreds of years, we lived under totalitarianism, to change in five is hard'

years to become the same as everywhere else is impossible."

the Russian minority who dominate the provinces bordering Russia, Mr Nazarbayev has been amenable to compromise. Kazakhstan's Russian community is large, estimated at 34 per cent of the population, and many people work in the out-dated factories that are among the hardest hit by reforms.

Power has shifted into ethnic Kazakh hands since the disso-lution of the Soviet Union. But Kazakhstan has been careful to avoid overt discrimination against the Russian minority. Russian and German schools are officially encouraged to stay open, though they now have to teach Kazakh as a second language. Mr Nazarbayev tends to address his people more often in Russian than in

Kazakh According to official statistics, only 25,000 people emigrated from Kazakhstan in the first quarter of this year, compared with half a million in 1994. The problem was serious two years ago, but it's not so tense now," one diplomat says, Maybe the Russians realised the situation was not much better in Russia and that in the

Party. "Freedom of speech is future it will be possible to fully provided in Kazakhstan. make good money in Kazakh-

A similar willingness to compromise has enabled Mr Nazar-bayev to avoid a conflict with the two superpowers that surround him, Russia and China. Russia still controls access to export routes for oil and gas; it is the leading trade partner and the dominant military force in the region. Unlike the Baltics or neighbouring Uzbekistan, Kazakhstan has no choice but to live with Russia. Last year, Kazakhstan joined

a customs union with Russia that now includes Belarus and Kyrgyzstan. Critics say the union benefits Russia and was designed to boost the ratings of Russia's president, Mr Boris Yeltsin, in presidential elections last week.

Mr Nazarbayev demurs. "The bottom line is - whatever is advantageous to Kazakh-stan," he says. "We initiated the customs union with Russia. I don't see any politics here. I see pure economics." Citing a sharp rise in trade with Russia in the past half year, he adds: "Why should we let the Russian market pass us by? It's profitable for us to send our goods there. "When we signed the quadri-

lateral agreement," he adds, "we made sure that this agreement would not clip our wings and that it would leave no room for imperial ambitions." In return for his support, as well as a large Russian stake, Mr Yeltsin in April signed an agreement with Mr Nazarbayev on the construction of a vital pipeline that will enable Kazakhstan to export its oil. Russia has also muted its objections to Kazakh exploration of its part of the Caspian

resources should be jointly owned and exploited. Similarly, Mr Nazarbayev has kept quiet about Chinese nuclear tests, just across the border, and has cracked down on the Uigur minority that supports an Uigur independence movement in northern China "They want no problems in the East and they are willing to make any concession," one diplomat says. "It's simply too dangerous for them

Sea Shelf, though its diplomats

still insist the Caspian's

not to." The danger is not imminent, but hard to ignore. An overcrowded China is only 300km from the capital and could one day revive old claims on Kaz- powerful, but maybe there was akhstan's south-east. Thou- no alternative."

sands of Chinese have quietly emigrated to eastern Kazakh stan, trading and running small businesses. One presidential aide says that fear of China is one reason why Mr. Nazarbayev has decided to relocate the capital to Akmola, in the north.

"It's not so much that we want to be close to Russia." he says. "We just don't want to be close to China." Kazakhstan's soft stance has also brought an early pay-off: Mr Nazarbayev won access to Chinese railways and the port of Lyanyungan. opening up the South-East Asian markets to Kazakh met-

als and other products. A less obvious threat to Mr Nazarbayev's authority has been a power struggle, well hidden behind the walls of his palace, with his prime minis-ter, Mr Kazhegeldin. "Nazarbayev realised that Kazhegel din was becoming too powerful and was crossing into his turf,"

They want no problems in the east and they are willing to make any concession'

one diplomat says.
Diplomats and Kazakh
observers say that Mr Kazhegeldin boosted his powers not just by turning the economy around but also by pushing the president's allies out of the cabinet and building a power base among the country's emerging business élite.

They had expected the president to sack Mr Kazhes early this spring, but at the last minute Mr Nazarbayev kept Mr Kazhegeldin in place. Mr Vitaly Mette, a deputy prime minister and ally of the president, was sacked instead. The president has in recent months focused on foreign relations and domestic politics, leaving the economy largely to his prime minister. Mr Nazar bayev admits he has backed out of the daily economic decision making but denies there has been any conflicts with his prime minister. The relations between the president and Mr Kazhegeldin have changed since February," the diplomat says. "They made a deal. Kazhegeldin was becoming too THE EXPORT-IMPORT BANK OF THE REPUBLIC OF KAZAKSTAN

INVESTMENTS AND FOREIGN TRADE PROMOTION



Eximbank Kazakstan is the largest second tier bank in Kazakstan with the Charter Capital of 5 billion Tenge (about 75 million USD) fully paid by the Government of the Republic of Kazakstan

The main activities of Eximbank Kazakstan:

project financing servicing as an Agent of the Government of the Republic of Kazakstan of the Public Investment

Program's projects and export credits attracted under the sovereign guarantees

Kazakstani export promotion

Cash

support the development of small and medium-size businesses

409

portfolio investments financial consultancy

Consolidated balance of Eximbank

Kazakstan as of January 1, 1996 KZT Thousands Exchange rate: USD 1 = 63.9 KZT **Assets**

Claims on National Bank 45525 Claims on other Banks 1947679 Claims on Clients 2801903 Securities for Resale 69083 - 1180 Reserve Fixed and Tangible Assets 1121151 Intangible Assets 570 Interest Earned 11978 Other Assets 25935 6023053 **Total Assets**

Liabilities Liabilities to other Banks 100000 Liabilities to Clients 2040438 Other Liabilities 157305 Charter Capital 3206055 Bank funds 519255 Total liabilities and Capital 6023053 Annual profit-and-loss account KZT thousands

Net interest income 126 211 Net non interest income 7618 Profit Before Taxation 133 829

THE EXPORT-IMPORT BANK OF THE REPUBLIC OF KAZAKSTAN

118, Pushkin street, Almaty, 480021, Republic of Kazakstan

telex: 709160 EXIM SU telefax: (3272) 631985 (3272) 622815, 633767, tel:

634300 internet: EXIMBALM@SOVAM.COM

Two tiers take shape

Assistance from the World Bank and the EBRD has helped quicken the pace of reform

The spade work to build a solid basis for the Kazakh banking system took place in the second half of 1994 when the government and central bank put in place an IMF-supervised stabilisation programme. This sought to repair the damage created by a bungled bail-out of loss-making enterprises that caused a hyper-inflationary surge in money supply over the first half of that year.

The re-establishment of macro-economic stability since 1995 has underpinned the tenge, the national currency introduced in December 1993. and permitted the core group of young central bank managers led by Mr Uraz Dzhandosov, the president of the National Bank of Kazakhstan (NBK) and Mr Grigory Mar-chenko, the head of banking supervision, to move forward with policies designed to consolidate the banking system

and toughen supervision. Banking sector reform is being helped by the World Bank, the European Bank for Reconstruction and Development and others. The EBRD is taking equity stakes in some of the fledgling private banks and provides medium-term finance for on-lending to small- and medium-sized enterprises. Last approved a \$180m, two-year financial sector adjustment loan to help improve the banking environment and tackle the extensive inter-enterprise debt and bad loan problem.

Mr Dahandosov, president of the NBK, estimates that the volume of inter-enterprise debt is around 700bn tenge, just under \$10bn. This is equivalent to around 70 per cent of an estimated gross domestic product of between \$16bn-18bn. "The problem is bad, and the volume of inter-enterprise debt is still growing." he adds. The World Bank loan will

help finance the transfer of non-performing loans, taken on by the state-owned banks at the government's request in the early transition years, to special state work-out entities. such as the Rehabilitation Bank, the Agricultural Support Fund and the Ministry of Finance. In many cases, transfer to these bodies will be the ante-chamber to bankruptcy for the debtor.

Mr Dzhandosov says that unrealistic state budgeting is one of the main reasons for the continuing rise in inter-enterprise debt. "Tax inflows are insufficient and the government essentially takes goods and services without paying for them. The main areas of non-payment are the agricultural sector and transport and utilities such as heating and

Another root cause of the inter-enterprise debt problem

month, the World Bank is the culture of non-payment. This is inherited from the Soviet regime when inputs and distribution were all in the hands of central planners and the exchange of goods was largely cashless.

Under these conditions, the development of a modern, twotier banking system is a prerequisite for the transition to a monetised, market economy. Substantial progress has been made towards this goal over the nast 18 months and even bigger changes are expected over the next two years.

The independent central bank is at the heart of a banking reform that has already cut down the number of private banks from more than 200 to just over 100 and seeks to re-vitalise the four big state-owned former specialised banks that form the core of the system.

In some ways, the most important of the four stateowned banks is the Narodni bank, the ubiquitous state savings bank. Also known by its Kazakh name of Halyk Bank, it boasts more than 10m savings accounts and an unrivalled branch network through which it collects the bulk of Kazakh savings. Access to the nation's savings means that Narodni/Halyk bank dominates the interbank money market. It is both the main credit wholesaler and the effective lender of last resort to the Kazakh banking system.

"The savings bank has kept the system together as the central bank has withdrawn from

active participation in the money market. But it is now moving away from its original specialised role. It is spreading its wings by moving into trade finance and other banking operations," notes Mr Paul Maxwell, managing director of ABN Amro in Almaty.

Alem bank, the former foreign trade bank, got its fingers badly burned last year when a series of Turkish Ex-Im bankbacked deals went wrong, leaving the capital dotted with unfinished Turkish-built hotels and office blocks. Two Turkish banks, Ziraat bank and Emlak bank, have joint ventures with Kazakh banks. Financing packages to complete the 80 per cent finished Ankara Hotel and Alem banking centre should be finalised shortly.

In the meantime, Alem bank, which is also saddled with bad debts, faces an uncertain future and is presently under special supervision.
"The problem with the state-

owned banks is that they are all saddled with big bad-loan portfolios and staffed mainly with people used to operating under the old regime where concepts like risk asse credit-worthiness and rate of return were unknown. They face growing competition from some of the more aggressive new private banks such as Kazkomertsbank (KKB) which have young, fast-learning staff attuned to modern banking practice and unburdened by inherited bad debt." Mr Maxwell of ABN says.

Foreign banks force change

Giving overseas rivals access to the market is seen as critical to banking modernisation

"One of the main aims of our banking policy is to encourage the emergence of a small core of Kazakh banks, capitalised to the standards set by the Bank for International Settlements and able to comnete with foreign banks, says Mr Uraz Dzhandosov, the president of the National Bank of Kazakhstan (NBK).

The decision to pursue a liberal policy towards the entry of foreign banks is seen as crucial to the move to a competitive banking system.
"Legally, we still have a ceiling that restricts foreign

banks to under 25 per cent of the overall capital of the banking system. But since January we have had the authority to go above that on a case by-case basis. We want to end all restrictions on the entry of foreign banks by the end of 1998. By then we hope to have a relatively small core of five or six Kazakh banks maybe even fewer – which are able to compete with foreign banks," the NBK presi-

The rise of the foreign banks should run in parallel with the growth of foreign investment. The flow of biltions of dollars from multinational oil, gas and mineral

should encourage other overseas investors in the next few years and create more banking opportunities. The NBK believes that the foreign banks will, initially, at least, concentrate on servicing foreign companies and on foreign exchange and investment

This will still leave space for local banks to cultivate

their own links with foreign

companies and build up their business with the fast-grow-

At present ABN-AMRO, the

Netherlands-based interna-

tional bank, is the only for-

eign bank with a full banking

licence operating in the coun-

try. Apart from handling the

usual commercial banking

business, ABN is also a pri-

securities. Together with its

London based investment

mary dealer in governm

ing local private compa

companies into the country banking arm, Houre Govett, it recently won the 17-bank international tender competition to prepare Kazakhstan's "Initially, we are advising

banking operations.

first eurobond issue. the NBK on a credit rating, which we expect to achieve by September. We then hope to launch what is expected to be an initial \$100m Eurobond issue by the end of Novem-

ber," says Mr Paul Maxwell,

who manages ABN's opera-

tion in Almaty, Kazkom-

mertsbank, one of the most

aggressive and innovative of

the new private Kazakh

hanks has a 29 per cent stake

in ABN's Kazakh operation

and receives technical and

other assistance from its

Almaty is also the head-

quarters of Eurasiabank, a

very different kind of foreign

bank. Mr Alexander Mashkev-

ich, a former psychology pro-

Dutch nartner.

fessor from Bishkek, the capi tal of neighbouring Kyrgyzstan, sits in a large room that has a white carpet and elegant walnut furniture. He is guarded by armed young men with pistols in shoulder holsters who prowl the antechamber to his office.

Financial backing for the bank, which has the Londonhased Trans-World Group as a leading shareholder, comes from Russia and Israel. Mr Mashkevich describes Euraslabank as an investment bank. Over the last two years it has become the owner of a string of large aluminium. ferrous alloy and steel plants together with iron ore mines and power stations in both Kazakhstan and Russia.

Eurasiabank is one of the main forces for the re-organisation and modernisation of the former Soviet-style economy. Mr Mashvevich says the bank creates wealth by proriding working capital and inputs to re-start moribund capital-starved Soviet era plants and by cutting costs and selling the finished product for cash.

Meanwhile, a raft of other foreign banks, including Citi bank, Deutsche Bank, Dreadner Bank. Commerzhank Union Bank of Switzerland and Société Générale of France, have offices in the Kazakh capital and several are expected to set up full banking operations shortly.

Anthony Robinson

■ New legislation: by Sander Thoenes

Certain taxes, fewer duties

The president's investment laws need refining but lay the basis for a modern tax system

When the president, Mr Nursultan Nazarbayev, dissolved parliament in early 1995, it had taken more than a vear to adopt seven laws. By the time Mr Nazarbayev allowed new elections in December he had passed more than 100 decrees and produced a constitution that was

approved by a referendum. This barrage of legislation, including a new tax code, puts Kazakhstan far ahead of its neighbours in creating a legal basis for investors. "The foundation has clearly been laid," says Mr Fred Tresca, consultant to the government for Price Waterhouse. "But there is still much work to be done in implementing and refining

In the rush to legislate, some laws were not properly considered and others have been badly publicised. If local officials are not aware of their existence, they can hardly be

expected to implement them. We have the right words on paper," says Mr Daniel Witt, president of the International Tax and Investment Centre, "but it's a whole different world out there in the oblasts [regional authorities]."

The tax code cuts the number of taxes from 45 to 11, putting an end to many overlapping duties. "It's the best tax code in the former Soviet Union," says Mr Witt, who helped to write it. "It's broad-

Mr Mike Whitear, a tax consultant to the government, is more cautious. "It's a pretty good, modern tax code, but it's also rather vague," he says. "The Kazakhs have been rather strict in their interpreta-

According to Mr Whitear, the code has none of the turnover taxes that put off investors in other former Soviet republics, but it leaves little room for deductibles, pushing up operating expenses.

One simple move that pleased many investors was the abolition on July 1 of all export tariffs, introduced a few years ago to halt a rapid outflow of subsidised Soviet com-

Risk consultancy and insurance broking

The first registered insurance broker in the Republic of Kazakhstan,

companies, joint venture partners, consortiums and local Kazakhstan

enterprises on risk, insurance and reinsurance matters. Understanding

the legislation and how the local market operates is vital for placing

Oil, gas and power utility companies, mining operations, construction

contractors, telecom and automobile companies, tourist organisations

and manufacturers - all are benefiting from our advice and services as

risks effectively in local and international insurance markets.

For local expertise coupled with the international resources of a world leader, call us today.

they develop their businesses.

Sedgwick

Almaty 480009

Sedgwick House

London E1 8DX

Reputation of Kazakhstar

Almaty contact: Jon Starkey

Facsimile (+7) 3272 50 95 70

London contact: Nicholas: Fairfax

Telephone (+44) 171-377 3590

ADDE NO. 1 151 151 151 157 245 40 01 00 00 00 00 00

Facsimile (+44) 171-377 3394

Apertment 13, 155 Abai Avenue

Telephone (+7) 3272 50 92 67/50 95 70

Satelito Telephone (+7) 327 9002178

Sedgwick has an unrivalled track record in advising multinational

in the Republic of Kazakhstan

Local service • global resources

modities. Export tariffs never did much to stem that flow. however, and now that prices have risen close to world levels, they have turned into unnecessary barriers to trade. Mr Trek Begakhmetov, deputy economics minister, says that his government is still considering alternative ways to prevent the dumping of Kazakh natural resources on the world market. Licences are one option but western economists caution that they would do more harm than good.

Oil, gas and gold producers are less worried about a draft law on taxation of natural resources, which would introduce royalties, excess profit taxes and three bonuses. The government has hurried along with this draft and may submit

it to parliament this summer. "On the face of it, the tax terms are not very attractive." Mr Whitear says. "It looks as though it's going to be pretty

"It seems that absolutely everything is going to be negotiable," he adds. "I think that's bad. A company will have to perotiate before it has put the economics of the project on

The draft tax law would be slightly tougher on investors than its Australian counterpart, Mr Whitear says, but adds: "companies investing in Kazakhstan would look for a higher rate of return because

of the political risk". According to Mr Russell Lambert, tax consultant for

Price Waterhouse, "Kazakhstan is trying to entice investment, and its main resources are oil and gas. It's hard to entice investment if you have a hard-structured tax code that you're not able to negotiate on. Most oil companies already have their major deals done or in progress, so they feel pretty comfortable that this tax code won't apply to them. But all your existing memo deals that aren't done yet will have to

come under this code and that's where you'll have major

Most tax experts agree, however, that even bad tax laws are better than the chaos that preceded them. "I think everyone would rather pay a little higher rate with certainty than a low rate with uncertainty." says Mr Charles McClure, economic adviser at the Hoover Institute in California. "The certainty is a lot greater now.

The 1996 diary of deals

The lobby of the Marco Polo In return, the company will • June 18 Ispat-Karmet, sub-Rakhat Palace, Almaty's most luxurious hotel, has been bustling with Western executives, top officials, lawyers and consultants in the past three months. The result has • May 30 Vitol, the Dutch oil ing payments of old debts. been a wave of investment that promises to make last year's \$1bn inflow look like a trickle. Below is a snapshot of

this year's deals:

April 27 Russian president, Mr Boris Yeltsin and Mr Nursultan Nazarbayev, his Kazakh counterpart, sign an agreement on the Caspian Pipeline Consortium, which should unlock the wealth of Tengiz and other oil fields in western Kazakhstan by linking them to Novorosstisk, the Russian oil export harbour on the Black Sea. Chevron, Mobil, British Gas, Agip, Oryx and later Shell, together with the Russian oil companies Lukoil and Rosneft, agree to finance construction of the pipeline in exchange for guaranteed access. A contract should be finalised later this year. Value: \$1.5bn; unlocks 230bn in investments.

● May 3 Mobil Oil agrees to buy a 25 per cent stake in Tengizchevroil, Chevron's production venture at the Tengiz field. Chevron keeps 50 per cent, as before; the gov-ernment of Kazakhstan sells half of its stake to Mobil for \$1.1bn.

• May 25 Deutsche Telekom agrees in principle to upgrade Kazakhtelecom, the country's telephone network, and pay off the monopoly's debts, including those to its workers.

International

obtain 49 per cent of voting shares, plus management control for up to 15 years. Value: \$536m in investments and debt payments.

trader, wins a privatisation tender for 90 per cent of the Chimkent Refinery, Kazakhstan's largest. Value: \$230m in cash and investment pledges.

• June 1 Samson, the US oil

producer, wins exclusive rights to negotiate for 90 per cent of the Yuzhneftegaz oil production association, which has proven hydrocarbon reserves of 90m tons. The bid is not disclosed, and the parties are still in negotiations in July, but when a contract is signed the investment pledge should exceed \$500m. June 5 Trans-World Group

the London-based metal trader and producer. announces plans to build a new aluminium plant and boost production at an existing alumina plant in Paviodar, in northern Kazakhstan. Value: \$1.2bn to \$1.5bn. The group says it hopes to create 5,000-10,000 jobs in the next three to five years. June 17 Samsung Deutsch-

land, a German subsidiary of the Korean industry group, purchases a 40 per cent stake in the Zhezkazkantsvetmet copper plant in central Kazakhstan. Officials call the purchase price "a commercial

GEOTEX

sidiary of the British-based steel producer Ispat, announces the acquisition of 15 coal mines in northern Kazakhstan for \$182m, includ-The company has owned a nearby coal-fired power plant - bought for \$2.4m - since April. Both companies are suppliers to Ispat's largest investment, the Karmet steel plant. Total investments this

year, well over \$200m. • June 18 Asea Brown Boveri Holland, part of the Swiss-Swedish industry group, pledges to build, finance and operate a 320 megawatt power plant in Kazakhstan. The power plant should come on-line around the turn of the century. The final agreement may yet hit disagreements over electricity

fees. Investments: \$350m. • July 3 A consortium of three Western gold companies, Teck, First Dynasty and Bakyrchik Gold, signs a contract for an 80 per cent stake in the Vasilkovskoye gold ore deposit, which has proven extractable reserves of 6.5m troy ounce. The group began negotiations in June with the offer of \$360m and a bonus of

Forthcoming investments events: the purchase of a stake in the Aktyubinsk oil production association, which has with proven reserves of 200m tons. Exxon and Texaco are considering making a bid.

Trust management: by Sander Thoenes

Cool capital,

heated debate

The method of attracting investors to state industry is successful but controversial

In its bid to breathe new life into moribund state-owned enterprises the Kazakh government opted for a controversial alternative to privatisation, called trust management. Rather than sell off all its ailing industries through direct privatisation or liquidation of assets, the government has handed over the management of 65 of its largest enterprises, including most of its metals industry, to domestic and for-

Under the trust management scheme, the investor signs a contract for two to 10 years, pledging to boost production and pay off debts and overdue _salaries. In return he gets full management control, a margin on the profits or sale revenues, and first choice in any privatisation. The government has the right to cancel the contract at any time it feels the obligations have not been met.

The trust management programme has been the subject of fierce debate. Even its architects admit that four out of 10 contracts have been a failure. Worse, the murky legal status of the trust management contracts has wreaked havoc on many of the smaller suppliers and customers of the enterprises involved. The new managers usually demanded and got the right to suspend existing contracts and debt payments on contracts they deemed unfair. In some cases, more than \$100m in debts has been frozen, pushing numerous traders and suppliers into bankruptcy.

Mr Sarybai Kalmurzayev, chairman of the State Property Committee, defends the strategy. "We chose the lesser of two evils," he says. "The best option is a sale, a full-scale privatisation. But if an enterprise has not been producing for six or seven months, how can you say what its shares are worth? That's why companies were handed over to trust manage ment. We want to get the enterprises back on their feet before selling them off,"

"We had no choice but to freeze the debts. If these enterprises had collapsed completely, what guarantee would there be that any debts would ever be paid? :The assets of Kazakh enterprises were not worth much to begin with."

According to Mr Alexander

Mashkevich, president of Eurasiabank, whose operations are financed in part by Trans-World Group, a London-based metal trader and producer with interests in Russia, the programme is unusually progressive. "What is happening here is unprecedented," he says. "Investors come in, pay the debts, pay the salaries and promise to invest. For the state, this approach is simply ideal. We went to the government for example and said we're ready to try." Within months of initially taking management control of three leading metallurgy plants, Eurasia bank purchased majority shares in all of them at sums officials call "a commercialsecret". Mr Mashkevich says he has invested more than 51bn in the plants. In June he amnounced that together with Trans-World, Eurasiabank plans to spend \$1.2bn building a new aluminium smelter at Pavlodar. It will use alumina from a nearby plant instead of importing it from abroad.

invest just over \$1bn in the next 15 years and says it has already invested \$200m. Sander Thoenes

GEOTEX, the largest geophysical company in Kazakstan, provide full range of geochysical services: field, airborne and well data acquisition

 data processing data interpretation

 consulting To thoroughly meet requirements of oil and mining companies GEOTEX.

use modern equipment, such as: Recording telemetry systems: MDS-18, SN-368, G.DAPS-3

 Vibrators: MERTZ 612HD, AMG, IVI · Processing systems: Geovecteur Plus, iXL, GeoDepth

 Interpretation systems: Integral Plus, SeisWork Workstations: RS-6000 / 370, 550, 570, 590, SunSparc 20

 Magnetometric equipment Electrometric equipment

 Mercurymetric equipment DGPS

have almost 50 year experience of professinal activities in Kazakstan and its

neighbouring countries employ managers and technical personal trained in training centers of CGG (France, Canada), JGI, JNOC (Japan), GECO-PRAKLA (Germany), SMU (USA). GEOTEX have been providing services for many local and international companies including: Repsol, Aquitaine OOC, Mobil Off Kazaksten, TPAO, Canadian Occidental Petroleum, JNOC, Chevron, KazakstanCasplShelf, ORYX, Preussag, Gold

You need high quality geophysical services in the minimum period of time? Call GEOTEX.

Kazakstan, 480019, Almaty, Kuldjinsky trakt,1 km, tel. (7-327-2) 31-27-40, fax. (7-327-2) 30-60-82, 31-21-57, E-mail: sydykov@gaopin.almaty.kz

GOLDFIELDS CORPORATION

Control Asia (CGZ-ME) is a new public company. sponsored by Rothschild Emerging Markets Funds. Extensive mineral exploration and development rights have been acquired in Kazakstan. The Company has entered into 3 JV agreements with local private corporations, whereby CAGC may carn a 50% to 70% interest in various gold proporties. The lands covered exceed 11 million acres of highly prospective. exploration ground with a number of identified gold targets. A S7M exploration program, using up to 7 drill rigs, has been approved for this year,

> 1 Richmond Street West, Suite 901 Toronto, Ontario CANADA M5H 3W4 Telephone: (416) 867-2936 Facsimile: (416) 867-9767 Internet: www.griffisint.com

dan in the activities. faniri i

Aus Cities gt Novi es Posti kemer North Millestinia (c. Hat wast past of the plants that . Bidino at 2 Karre and plat to arcini aklistan the store" msatials. V Ruthman

mater: fo WILL E. Me haar . .

rentures, the

mik """ Kurin

hand are DECLAR \$0514

Rwards of gold eploration may inc tlong time country;

And the state of t

antra like Digition of Contract Total A ath the con-4.40

, Motals: "

foreign incomes media treis

plants car

gare be publican

the excitions

om¹

Min di

and the second

How the the

modern e e

Shelt (it "

last adjustable in

Karmet steel plant.

the para in the

Why, for message :

5 parties make 1 This is the same of the same o

a of this. II. The state of the s

US state of the Start 1 ressing. brook c

atiπ∷. 1. 23<u>-1</u>____ Meximit. 1 drector to 🚎 ,

etake a konk at 1950 E neit b in Lia

STATE OF THE PARTY The Kenney Land Toger of the Many, K.C. ...

A SC Thn

Althorated and Althor Maria Ing

d Farry Cold: F. Surgary

Je conniu



'Monsters' roar again

Foreign investment tional wisdom has been proven means metallurgy plants can once more be pillars of the economy

egillis

A COMPANY OF THE STATE OF THE S

to Employee and the second second

國 医咽喉神经性的疾病 。

of capital,

ated debate

. . .

2 7.

The conventional wisdom among foreign investors in the former Soviet Union is that the giant metallurgy plants that dot the 15 republics are a write-off - too inefficient, too old, too deeply in debt, and simply too big to become prof-

wrong. Two years ago, most of the mines and smelters were on the verge of closure, some had debts of up to \$500m, unpaid employees and production lines that were at a stand-still. The break-up of the Soviet Union had deprived them of traditional customers in Rus-sia, while the Kazakh government had run out of funds to subsidise them.

In addition, many Soviet-era factory directors had plundered assets, selling off metal cheaply and signing unprofita-In Kazakhstan that conven- ble supply contracts for kick-

backs. Samsung, the Korean conglomerate that signed a management contract for a copper smelter, was one com-pany that discovered such abuse. It found that \$190m was missing at the Zhezkazkantsvetmet copper smelter it took over in central Kazakhstan. "We were very surprised about

the way the previous manage-ment went about its business." Mr Jong-Wan Lim, commercial director, says. "A lot of con-tracts were fictitious, and the money had disappeared." Samsung subsequently bought 40 per cent of the Zhez-

kazkantsvetmet plant and hopes to obtain a majority share later this year. It has invested \$200m, has already doubled production to 18,000 tons of copper a month, and plans to invest another \$1bm over the next 15 years. Mr Alexander Mashkevich,

vice president of Eurasiabank, an Almaty-based investment bank that specialises in metals, remembers how another such plant almost went bankrupt. "The Yermakov Ferroalloy Plant was a monster, the largest in the world - one million tons a year," he says, sitting in

| | 1993 | 1995 | |
|----------------|---------|---------|---------|
| ron | 5,705.0 | 4,822.5 | 7,211.5 |
| Rolling steel | 3,436.0 | 2,356.9 | 2.140.9 |
| Chrome | 2,820.0 | 2,102.6 | 2,416.6 |
| Ferroalloys | 776.6 | 635.3 | 782.3 |
| Refined copper | 317.5 | 278.4 | 255.6 |
| 2nc | 238.5 | 172.5 | 169.1 |
| Gold | 13.7 | 14.1 | 14.8 |

his elegant office besides a giant Kazakh flag. "But nobody cared where the metal went, and it almost died. Nobody thought about money or had any idea what a market was. They didn't even know what assets or liabilities were."

Yermakov factory, along with a nearby chrome mine and a

second smelter. It also owns the Pavlodar aluminium plant and the Sokolovsko-Sarbais-

to private investors, mostly foreign. As well as Samsung.

they include Gerald Metals, Glencore, and Kazkommertsthe metals out of the country has been a challenge (see infrastructure story, page 6) and Bank, a leading Kazakh private bank that has gained control metal prices have been weak, over three large lead and zinc plants near Ust-Kamenogorsk, and World Wide Minerals. The last is a Toronto-based mining company that won a tender for the exclusive right to negotiate a management contract for a substantial mining and processing complex for uranium, gold, industrial diamonds and phosphates in Stepnogorsk.

smelter is still up for grabs.

for the Kazakh economy. Metal cent for oil and gas, the country's more famous commodities. A boom in metal exports could bring the cash-starved Kazakh budget quick and sizeable revenues. By contrast, it

Karmet steel plant: by Anthony Robinson

New jobs, new markets

How the giant mill is at last adjusting to the modern economy

When the Karaganda Metal Complex (Karmet), emerged in the early 1960s from the featureless steppe near the village of Timirtau, 20kms north of Karaganda in central Kazakhstan, it was hailed as a

triumph of Soviet labour. Today, building an integrated steel mill with the capacity of Karmet - 6m tons a year - would cost an estimated \$8-10bn. But times and technology have moved

on. Steel companies now opt for cheaper, less polluting and more productive minimills. The days of giant plants are over. Karmet, and plants like it all over the former Soviet Union, have had difficulty in

adjusting to the nascent market economy. But what has happened here over the past eight months indicates that there could still be a prosperous future for plants that until recently were dismissed

Karmet, formerly the second largest steel plant in the entire Soviet Union, used to account for around 12 per cent of Kazakhstan's total gross domestic product. All the steel it could produce was absorbed by insatiable, Moscow central planners.

But it became one of the main victims of the new era of uncertainty. Its Soviet-era managers floundered and then plundered the plant. Attempts to replace them with western "contract managers" failed dismally. Voest Alpine of Austria and then US steel, together with Eisenberg, an Israeli steel group, tried briefly but unsuccessfully to pull the plant back from the brink of extinction last year.

With an air of increasing desperation, the Kazakh president, Mr Nursultan Nazarhayev, who began his career as a steelplant's communist party secretary, searched for a solution.

For a while, it looked as though Mr Alexander Mashkevich, the managing director of Eurasiabank, might be the answer. An Almaty-based investment bank with close Russian and Israeli connections, Eurasia controls the Sokolkovsko-Sarbaisky iron ore mine 500kms west of Karmet that supplies the steel complex.

in north eastern Kazakhstan instead

But last November the fate of the run-down plant, deprived of all but the most essential repair and maintenance work for five years, took a new turn. Ispat, a London-based private steel company founded and owned by an Indian business-man, Mr Lakshmi Mittal, and his wife, won a competitive tender that made Ispat 160 per cent owner of a new company, Ispat-Karmet

A rump company, Karmet Combinat, was left with responsibility for most past debts, many of which reflected fraudulent trading by previous management.

Ispat was originally offered a manage ment contract, but it made clear that it would only assume responsibility for the plant if it were allowed to buy it outright,

Investments should total \$500m over the next five years

and on a virtually debt-free basis. "Ispat refused to assume responsibility for around \$300m in unpaid electricity and other bills. But it did pay us for unpaid iron ore deliveries and some other essential suppliers," says Mr Mashkevich. "Ispat was lucky. It came when the gov-

ernment was desperate to find a solution for Karmet, but when it was clear that it was possible for foreigners to invest and do business here." he adds. Ispat agreed to pay around \$450m for Karmet's assets and a few selected debts.

The net purchase price was under \$270m. But it also undertook to invest another he next five pollution and raise efficiency. Psychologically, Ispat's most important move was to agree to pay around \$9m in

cash-strapped former management had left without wages for up to six months. Since buying Karmet, Ispat has also bought the 435mw coal-fired power plant that supplies heat and power to the steel complex and to all the homes and offices

back pay to the 30,000 workers whom the

It looked at Karmet but preferred to invest in Timirtau. It is now renovating the in a new aluminium refinery at Pavlodar power plant before closing down the power plant before closing down the smaller, but inefficient and highly polluting, 150mw plant inside Karmet itself.

To secure cheap coal supplies to both the power plant and the steel complex. Ispat also paid \$193m for 15 coal mines in the nearby Karaganda coal field, whose existence originally attracted Ispat to Kazakhstan. This deal ensures access to both steam coal and, above all, to more than 1hm tons of high quality coking coal (see story, right).

With domestic demand virtually non-existent, at present production for export is the key to raising output to full 6m-ton capacity within the next three years. Priority investments are a new \$43m pickling plant ordered from Mannesmann of Germany and the replacement of coking ovens with more efficient and less polluting

Looking further ahead, Ispat sees the greatest profit potential in producing for a local market that presently does not exist. Under the Soviet system, Kazakhstan

produced steel and other basic industrial products and delivered them to manufacturing plants in Russia and other more industrialised republics. "But," says Mr Malay Mukherjee, Ispat-Karmet's general manager, "this plant produces tin plate as well as hot and cold rolled steel products. making it ideal for local consumer goods industries such as food processing."

Although these industries are few and

between in the area at present, Mr Mukherjee believes it is only a question of time before they develop. "The fertile black earth zone begins 50kms north of here. There is great potential for meat, fruit and vegetable processing," he says.

"The Asian Development Bank is interested in financing such projects. We will also offer incentives for foreign and local to set un ola from our construction steel and fed with rolled products for caus and packaging."

By eliminating the heavy costs of transporting steel thousands of miles to export markets, Isoat-Karmet hopes to make the profits needed to re-generate Karmet and to become a catalyst for wider industrial restructuring - creating new jobs, new consumer products and a big new captive market for Karmet.

Of the metallurgy plants, kove iron ore mine and has only the Balkhashmed copper revived production at four of these five enterprises. In the past year, most of Kazakhstan's large metal mines and smelters have been sold off Eurasiabank now owns the

But investors have been circling around that plant as well. Since new investors have moved in, most have boosted production and their success has encouraged others. Getting

but margins and cash flow have been sufficient to allow for self-financed expansion of output. "The enterprises have started to breathe again," Mr Mashkevich says. This is of vital importance

exports accounted for 45 per cent of export revenues in 1995. compared with only 33.5 per will take several years for the oil and gas fields to yield such

■ Coal: by Anthony Robinson

Security for 100 years

By buying 15 mines, Ispat-Karmet is providing for its long-term future

It was not the prospect of owning Karmet, one of the world's largest steel mills, that first attracted the London-based private company, Ispat, to Kazakhstan, but the existence of one of the world's largest

deposits of good quality coking coal.

"Iron ore deposits are being discovered around the world every day. The world is awash in iron. But coking coal is hard to find and becoming increasingly expensive. It was the search for coal which brought us to Karaganda," Mr Malay Mukherjee says.

Mr Mukherjee, a Bengali from Calcutta who was the former manager of Ispat's Mexican steel mill, is now in overall charge of Ispat-Karmet, the coal mines that supply it and the heat and power station that feeds both the steel plant and the town of Timirtan.

It was while checking out the 21 coal mines of the Karaganda Coal Combine last autumn that Mr Johannes Sittard, who scours the world for Ispat checking out potential acquisitions, was asked by the Kazakh government to cast his eye over the troubled Karmet steel combine 15kms away. Acquiring the steel complex then made it doubly important for Ispat to buy the coal mines that were the original target.

"Acquiring the coal mines makes a big difference to the overall economics of the steel plant. We will now invest what is needed to raise mining productivity and reduce costs," Mr Mukherjee says.

Proximity to the Karaganda coal mines was the main reason why Karmet was built in the first place. When working at full capacity the blast furnaces and power and 2.5m tons of steam coal a year.

Over the first six months of this year, the Karaganda Coal complex produced various grades of coal at an annual rate of around 15m tons, and employed 40,000 miners and support workers. It is one of the richest coal fields in Kazakhstan. At Ekibastuz, 400kms to the north east, lies another shallow denosit whose vast mencast mines feed local power stations and

eastern Kazakhstan and southern Siberia. Most of Karaganda's coal output is con-

sumed by Karmet and a few other large cement, engineering and military facto-ries in the area. The rest is taken by the energy and heating plants that provide power and central heating to the 400,000 inhabitants of the city of Karaganda and the 100,000 residents of Timirtan.

Ispat's takeover of Karmet broke the circle of non-payment that threatened the imminent collapse of the entire local economy. It first agreed to pay the wages backlog of the Karmet workers and then extended a lifeline to the mines - by paying cash for coal - and to the equally esh-starved railway system. Ispat's track record at Karmet helped

consummate the acquisition of its original target, the Karaganda coal mines. The

'The unions know workers have an assured market for coal'

company only really wanted seven mines. But in the end it agreed to take on 15 of the 21 mines whose output was directly relevant to Ispat-Karmet's needs. Several of the other, mainly open-cast mines, will probably be closed. Ispat made an initial investment of

\$193m in order to acquire its 15 mines, which currently employ 29,000 people. More importantly, it has also accuired access to a deposit of high quality coking coal that is bigger than 1bn tons -"enough to last well over a century," as Mr Mukherjee puts it.

A technical survey undertaken by a UK-ased coal consulting firm that did a lot of work on the privatisation of British Coal, found that the mines had been well designed. But they had been starved of maintenance and needed new coal-cutting equipment and other machinery.

"We did not take any of the open cast mines, which remain in state hands. But the underground mines are relatively shallow - between 100 and 500 metres deep - and with thick seams of between 3

Unlocking Kazakstan's Mineral

to 15 metres. They are ideal for modern long-wall mining methods," Mr Mukheriee says.

The scope for higher productivity and lower costs is substantial and will lead to iob losses, both in the mines and the steel complex. But Ispat's willingness to give backpay to the 75 per cent of mine workers who had gone without wages for up to six months under the previous state owners, has given them credibility with the unions and the workers.

"The mining union knows that with Ispat as owners, the workers have an assured market for their coal. The union's top priority is to secure as many jobs as ible. It also wants wage indexation to protect itself against the inflation that ravaged incomes even when they were paid," Mr Mukherjee says. Until now Ispat has relied on natural

wastage and incentives for early retirement to reduce payrolls and has not resorted to compulsory redundancies. But with plans to invest more than \$200m in the coal mines over the next few years many jobs will inevitably go.

"We will not be able to continue to employ so many people directly. But by investing in new coke ovens at Karmet, for example, we will produce coal-based chemical by-products worth around \$25m a year. We could just ship the chemicals out and sell on world markets. What we would rather do is provide incentives for other investors to come here and set up consumer-orientated plastic and other plants around the Ispat-Karmet complex,

Mr Mukherjee explains. In this way redundant miners, steel-workers and their wives will be able to get new jobs in new industries. Meanwhile, wage and salary levels will rise for the fewer but more productive steelworkers and miners in the renascent mines

Before now, the people of Timirtau have had only one employment option in the Soviet-style company town. If Karmet's broader plan to attract other investors goes well it could underpin the development of a more democratic society where people have greater choice and where workers and their families are no longer dependent on a single employer - the

■ Gold: by Sander Thoenes

Perils of the yellow prize

ventures, the rewards of gold exploration may be a long time coming To take a look at the map on the right is to take a look at

Why, for western

the hard-rock mineral wealth of Kazakhstan. "This is one of the best endowed regions in the world," says Mr Kenneth Arne, general manager of the gold mining company, Kazakhstan Minerals

The country's president, Mr Nursultan Nazarbayev, says foreign investments could help Kazakhstan boost annual gold production from 14 tons in 1994 to at least 42 tons before the end of the century. Mr Serikbek Daukeyev, the geology minister, recently said the country's gold reserves were worth \$52.3bn.

Since the total size of deposits is kept secret. Mr Daukey-ev's claim is hard to verify but it forms part of the simple logic that has drawn dozens of gold producers to Kazakhstan.
"Big is big," says Mr Robert
Friedland, whose group of investors has pledged more than \$500m to the country's two largest gold mines. Bakyrchik and Vasilkovskoye. "We'll all be dead before we run out

Mr Friedland leads a consortium of three Western gold companies, Teck, First Dynasty and Bakyrchik Gold, which last week signed a contract for an 80 per cent stake in the Vasilkovskoye gold ore deposit. The mine, in northern Kazakhstan, has proven extractable reserves of 6.5m troy ounce, making it the fourth largest undeveloped site

i the world.
The group pledged to invest \$360m and offered an \$85m bonus and undisclosed royalties, in return for its stake.

Many leading gold companies have been sceptical about the hidding since last year when the Kazakh government anaiched away the licence from one venture, cancelled the tender and then handed it



that gold can be freely

exported, but with only one

producing mine to set a prece-

dent, many ventures are still

unsure how this edict will

work in practice. "The law is

deliberately vague," says Mr Alexander Lesser, a lawyer for

Souire, Sanders & Dempsey in

Legislation allows for

exports of refined gold, but the

only operating refinery charges

several times the Western rate

because it has been unable to

cut costs by hedging the gold it

Almaty.

directly to Placer Dome of Canada. Placer Dome backed out after it had paid \$35m up front, forcing the government to start

from scratch. The tender was a showcase designed to repair Kazakhstan's image among Western banks and goldminers after the Placer Dome flasco. "We are learning from our mistakes," says Mr Marat Bitimbayev,

deputy minister for geology. Companies may find other problems once bids succeed. Of the state's gold ventures only Bakyrchik is currently produc ing gold, and even that exploration is making a loss. Since taking over Bakyrchik,

Mr Friedland has dropped the venture's innovative but inefficlent leaching technology in favour of more traditional roasting equipment from Lurgi, a division of Metallgesellschaft in Germany. Production reached its initial

goal of 29,000oz recently, Mr Friedland says, adding that the target for late 1998 is 250,000oz. There hasn't really been a success story here yet and there's a couple of people who have shot themselves squarely in the foot. You have to be a

whole lot more patient here,"

says Mr Arne of Kazakhstan

Minerals Corp.
"The difficult thing is the remoteness of the location. It's hard to attract Western staff. And it still takes a long time to negotiate. This country does not have the regulations we're used to in the West. The thinking here is still very much command and control." The president has decreed

is subject to sale at primary auctions within Kazakhstan The National Bank and the Finance Ministry have first right of refusal. It is here where most of the confusion arises: "The law does not say the gold has to be re-imported," notes Mr Lesser. Another concern is a draft

law on taxation of mineral resources, which establishes royalties, bonuses and excess profit taxation. Some gold producers feel such a law would render their projects unprofitable because it treats gold and oil ventures equally, without accounting for the additional expenses incurred by gold exploration and extra The draft is still being debated in the government, however, and some lobbyists are confident it will be rewritten.

be exported but, after refining,

"This is not a tax haven," says Mr Arne. "It's a trade-off. You've got good geology. But you can't come here and expect to get away without paying taxes. It's pretty comparable to what we'd expect in the West."

RESIDENCE No 3 of the Administrative Department of the President of the Republic of Kazakstan We Offer:

two and three room suites . one room accommodation We provide the following services: 24-hour security for the hotel and parking lot · currency conversion office · bar, restaurant business centre offering satellite telephone communications

Address: 162 Furmanov Street, Aimaty Tel: 7 (3272) 63-77-91, 7 (3372 63-53-56 Fax: 7 (3272) 63-43-71

LeBoeuf, Lamb, Greene & MacRae International Law Firm

18 offices worldwide, including: New York, London, Brussels, Moscow, Almaty, Denver, Washington. LeBoeuf Almaty Office Specializing in

Central Asian Law Tel: (7) (3272) 50-7575; Page (7) (3272) 50-7576

Wealth... RUSSIAN FEDERATION KazMinCo Mineral Property KYRGYZSTAN Kazakhstan Kazakhstan Minerals Corporation, Minerals Corporation Cavendish House, 40 Goldsworth Road, Woking, Surrey, GU21 1JT, England KazMinCo Tel: +44 (0)1483 729995 Fax: +44 (0)1483 729996



Welcome to Sunny Kazakstan! We shall be glad to save you a lot of trouble concerning your hotel accommodation and leisure. The OTRAR hotel has high standard rooms, sama, a beer cellar for

meeting friends, a restaurant offering European, Pakistani-Indian and national cuisine. Well-trained hotel staff speaking foreign languages will be glad to serve you.

The only thing for you to do is to

comfact YASSAWI -

- We are always at your service! Our telephone: (73272) 330046.330075. Our address: Hotel "Otray". 73 Gogol Street, Almusty City.

Kazakstan and Central Asia **Recruitment Agency**



■ Executive Search - Expatriates Placement

Personnel Recruitment:

(a) Management (b) Sales/Marketing

(c) Accounting/Finance (d) Secretarial/Clerical

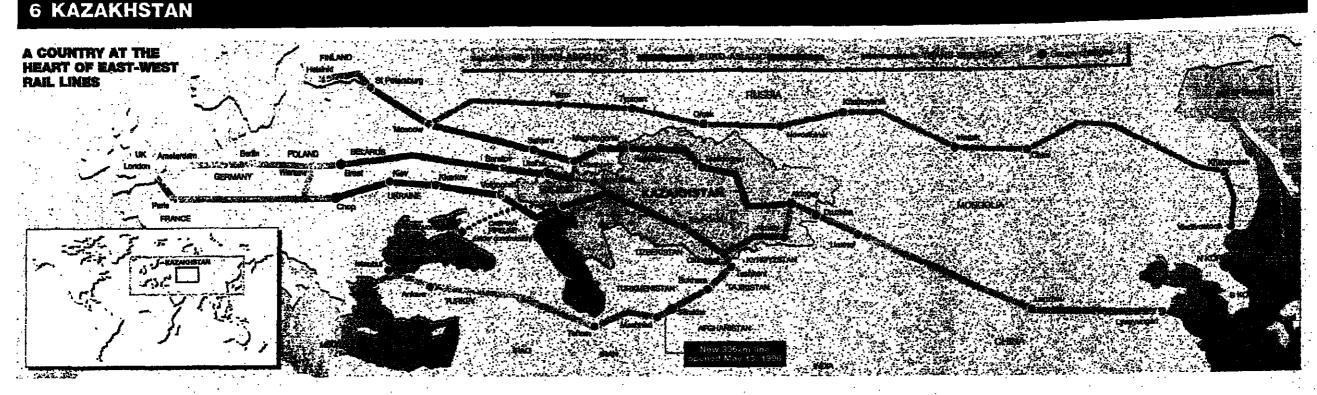
(e) Technical/Support Luxury Apartments and Houses

Offices to Let

480000, Almaty, P.O. Box 307 Tel/Fax: (007 3272) 32 2849, 32 2851, 32 1881, 32 2507

E-mail: root@kcara.alma-ata.su

ORPORATE



III Infrastructure: by Anthony Robinson

the right tracks

Connections are good, but funding could be better

Seen from Europe, indeed seen from most places, Kazakhstan is a very long way away. It is also very, very big. But its location at the very heart of this independent former Soviet republic a convenient place from which to supply basic industrial, food and other products to the fast-growing markets of northern China to the east as well as to the middle east and Turkey - which seen from Kazakhstan lie to the west through Iran.

Kazakhstan is also a supplier to Russia, and to the industrial cities of southern Siberia just across its northern border.

Half the size of the US and bigger than the whole of western Europe, Kazakhstan has been endowed with fertile rolling prairies and world-class deposits of oil, gas, coal, and ferrous and non-fermus metals Totally landlocked, it is dependent on the goodwill of its neighbours for access to the

For such a country, railways are crucial. In Soviet times Kazakhstan was fully integrated into the Soviet rail network. All the main Eurasian

and Trans-Asian, east-west ing to export up to 3.5m tons of lines run across its territory. Of the 14,000kms of main line some 3.600kms are electrified and mostly double track.

The most heavily used line is that running from Almaty across the endless steppe, through the coalfields and metal plants of Karaganda and on to Petropaviosk in industrialised southern Siberia. Here it interconnects with the Trans-Siberian railway.

Last year, the railways carried just under 180m tons of freight, less than half the Soviet-era load when traffic was more than a million tons a day. Since the collapse of the Soviet Union, Russia has either not paid the Kazakh railways for transit or only paid through barter. This has left many wagons and locomotive idles and meant no money for new rolling stock or maintenance.

This year, however, has seen a recovery as several big metallurgical plants and coal mines have been privatised and re-invigorated. Not only are volumes up but the railways actually get paid cash, sometimes even in advance, by the new capitalist owners.

With a bumper harvest in prospect and international cereals traders active, the railways are also hauling more fertiliser this year and are prepar■ Oil: by Sander Thoenes

In addition, significant sec-

tors of the economy are now

under private ownership and

starts to flow into world-scale

oil, gas, gold and other pro-

jects, the need for an efficient

road, rail, air and pipeline

infrastructure is of growing

Compared with many other

countries, Kazakhstan is not

surprised. The infrastructure

Mr Kenneth Arne of Kazminco,

ing projects just starting up in

that have all-weather tarmac

surfaces, most of the country is

linked by rudimentary mud-

tracks; state-owned Kazakh-

stan Airlines, with its ancient

gas-guzzling Soviet planes is

virtually bankrupt and every

part of the infrastructure needs

heavy investment in mainte-

nance and modernisation after

years of enforced neglect. The

necessary capital may only be

raised with the urgency

required if "strategic" trans-

port industries are opened up

But off the few main roads

importance.

ssive foreign investment

Exploiting the fields of dreams

The construction of a new pipeline should help companies tap the country's vast reserves

When a well at the Tengiz oil field in western Kazakhstan caught fire in 1985. the flames raged for 444 days and consumed more than 1m tons of oil before workers managed to close the well. Throughout the blaze, pressure meters at the other wells of the field barely

badly off. "We were pleasantly "The field is so big it was almost like taking a drop out of a swimming pool," here is a lot better than the says Mr Nick Zana, director general of Altopiano of Peru or the Australian outback where we have Tengizchevroil, the Chevron and Mobil equivalent operations," says venture that has been producing oil at the field since 1993. which has ambitious gold min-

Tengiz, located onshore in the north east Caspian sea area is estimated to have extractable reserves of at least 800m tons of oil, making it one of the world's largest deposits. "This is a oncein-a-lifetime opportunity," says Mr Zana. "How often can an oil man say T run a super giant oil field?""

It is stories like these that have drawn most of the world's other leading oil companies to Kazakhstan, despite the risks of operating in this barren and economically depressed country.

For the first few years of Kazakhstan's independence, many of the larger oil companies kept a low profile, mainly because there was no reliable export route. The only existing pipelines to Western markets run through Russia, which has been unable, and many say

unwilling, to grant Kazakhstan signifi-

In April this year, however, Russia. Kazakhstan and Oman ended years of haggling by signing an accord on the construction of the Caspian Pipeline, from western Kazakhstan to the Russian port of Novorossiisk.

The three countries agreed to invite private investors to take a 50 per cent stake, Chevron, Mobil, the Russian oil companies Lukoil and Rosneft, British Ges, Agip of Italy, Oryx of the US and the Kazakh state company, Munaygaz, all pledged to invest and hope to sign a contract later this year. The pipeline, to be completed in the first decade of the next century, should be able to pump 60m tons a year, three times the country's current annual production.

A flurry of deals followed the agreement. Within a week after the Caspian Pipeline Consortium deal was signed, Mobil announced it would purchase balf of the government stake in Teogizchevroil for \$1.1bn. Royal Dutch Shell folned in on the Caspian Pipeline Consortium a few weeks later by pledging to finance Rosneft's share. Vitol, the Dutch oil trader, in June bought a 90 per cent stake in the country's largest oil refinery at Chimkent, in the far south, Further north, Samson, a US oil company, is negotiating the purchase of a majority stake in the Yuzhneftegaz off production association, the refinery's main supplier.

On August 1, Exxon and Texaco are expected to bid for the large Aktyubinsk production association, which has rights to the Zhanazhol oil field that is estimated to hold 200m tons of oil. Amoco hopes to finalise negotiations later this year on a sizeable exploration project just south of Tengiz. These oil contracts alone could triple foreign investment in Kazakhstan, estimated at roughly \$1bn in 1995.

"You go where the oil is," says Mr Carl Burnett, president of Mobil Oil Kazakbstan. "Tengiz will be very expensive to develop - deep, high pres-sure, sour. But there's a lot of oil." Later this summer, the KCS consortium of seven Western oil companies and one Kazakh concern will finish collection of seismic data on the 100,000

square kilometres of the Kazakh shelf, the largest exploration in the world. Some Kazakh officials have predicted that the hydrocarbon reserves could be four times as large as Tengiz.
The KCS consortium members, Agip, British Gas, Mobil, Total, Shell and an alliance of British Petroleum and Statoil, have been promised 12 blocks on the field. But negotiations on a production sharing agreement have been well behind schedule. The members want

minimal exposure in the first few years

and early returns on their exploration

costs, but the government is intent on drawing in as much Western investment as early as possible. The Caspian Pipeline will not be ready for at least another three years, however, and until then oil production and revenues, vital to economic recovery, are unlikely to rise sharply. The lack of an export route and a drop in

domestic consumption in recent years

has actually forced Kazakhstan to lower

production from 28m tons in 1992 to just over 20m tons last year.

Gpean Col

ing threate

Mia TV dea

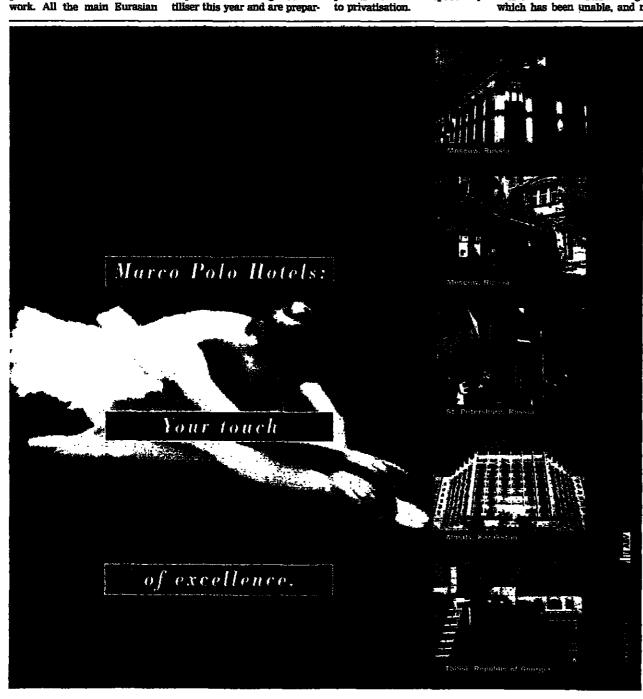
han kara Barraca of Lar

Tengizchevroil hopes to double production by the end of this year and reach a capacity of 8.5m tons by the end of 1998, but Mr Zana says his venture intends to limit additional investments to whatever revenues can finance. This means he has had to cut costs, consider a hiring freeze and develop alternative marketing strategies. He now sends oil by train to Finland, markets it inside the former Soviet Union and ships it up the Voles river, down the Don and into

the Black Sea to the West. The Kazakh government has been looking for alternative routes as well. The president, Mr Nursultan Nazarbayev, in May agreed with his Iranian counterpart to ship 2m tons a year, and later 6m tons, to northern Iran. In return, Iran will hand over oil of equivalent value to customers of Kazakhstan at a port on the Persian Gulf. When the governments agree on the details and the ports have been upgraded to handle the loads, a mix of Tengiz and other crude oil will be shipped to Iran from the port of Aktau, officials say.

The US government enforces a tought. boycott against Iran but has not objected to the arrangement, provided

US companies are not involved. Mr Zana says the Kazakh government has the right to purchase its share of oil production from Tengiz for shipments to Iran but insists Tengizchevroll has no role in the deal. No matter which routes are chosen, he is confident: The oil will flow out of Kazakhstan and wealth will come to Kazakhstan."



VIARCO POLO HOTELS & RESORTS AN AUSTRIAN TOUCH OF EXCELLENCE

straBe 36, Tel.: (+43) 1/213 31-200, Fax: (+43) 1/213 31-201

is our business

Eastern Europe



Austrian Airlines, the leading expert on Eastern Europe, not only fly you to 21 destinations in Eastern Europe but also offer you

a week to Almaty. We fly you from the most important cities in Western Euroe to

two flights

Vienna where you can take pleasure in easily finding your way around the Vienna International Airport.

Your connecting flight departure gate is an easy 30 to 300 steps away. And you'll take satisfaction in

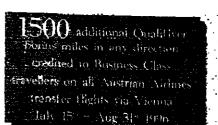
some of the shortest transfer times in Europe. It's so easy to take off to Almaty, Beograd, Bucuresti, Buda-

pest, Kiew, Kosiće, Krakow, Ljubljana, Minsk, Moskwa, Odessa, Praha,

Riga, St. Petersburg, Sofia, Skopje, Timisoara, Tiranë, Vilnius, Warszawa and Zagreb.

Welcome to The Friendly Airline

welcome to 149 flights a week to Eastern Europe



AUSTRIAN AIRLINES

